

**PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
(Playa Vista/Ballona Wetlands)**

This Purchase and Sale Agreement and Escrow Instructions (this "Agreement"), dated as of August 22, 2003 (the "Effective Date"), is made by and among **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company ("Grantor"), and the **STATE OF CALIFORNIA** acting by and through its Department of Fish and Game, Wildlife Conservation Board ("Grantee"). Grantor and Grantee together shall be referred to as the "Parties." Initially capitalized terms used in this Agreement shall have the meaning ascribed to them in Section 1.

RECITALS

A. Grantor is the owner of several parcels of real property located in the City and/or County of Los Angeles in the State of California in an area commonly known as Playa Vista.

B. Grantee desires to purchase from Grantor two (2) parcels of land known as Area A and Area B Residential and Grantor intends to convey to Grantee for no additional consideration the parcel of land known as the Ballona Wetlands Parcel. Area A, Area B Residential and the Ballona Wetlands Parcel are collectively referred to as the "Property" and are more particularly described on Exhibits A-1, A-2 and A-3, respectively, and depicted on Exhibit B.

C. The State of California is presently the beneficial owner of a certain parcel of real property known as Area C, as depicted on Exhibit B ("Area C"). Grantor presently holds certain rights to purchase Area C under an existing Option Agreement (as defined in Section 1) and the right to build a roadway across a portion of Area C pursuant to an existing Easement Agreement (as defined in Section 1).

D. Grantor, for no additional consideration from Grantee, also intends to (i) waive any remaining rights it has under the Option Agreement to purchase Area C (the "Purchase Rights") and (ii) waive its right under the Easement Agreement to build a roadway across Area C and a bridge over the Ballona Channel to connect Culver Boulevard with Playa Vista Drive (formerly Bay Street) (the "Roadway Rights"), provided the conditions set forth in Section 5.5 are satisfied.

E. Grantee has identified the Property as suitable for recreation purposes and the preservation, protection and restoration of wildlife habitat.

THE PARTIES AGREE that the foregoing recitals are true and correct and for good and valuable consideration the Parties further agree as follows:

1. Definitions.

"Agreement" shall have the meaning set forth in the Preamble.

"Area A" shall mean the real property described in Exhibit A-1 and depicted as "Area A" on Exhibit B, together with, to the extent of Grantor's interest therein, if any, any structures,

improvements and fixtures located on it, and all of Grantor's rights appurtenant to it, including but not limited to water rights, mineral rights, and access rights.

"Area B Residential" shall mean the real property described in Exhibit A-2 and depicted as "Area B Residential" on Exhibit B, together with, to the extent of Grantor's interest therein, if any, any structures, improvements and fixtures located on it, and all of Grantor's rights appurtenant to it, including but not limited to water rights, mineral rights, and access rights.

"Area C" shall have the meaning set forth in Recital C.

"Ballona Wetlands Parcel" shall mean the real property described in Exhibit A-3 and depicted as the "Ballona Wetlands Parcel" on Exhibit B, together with, to the extent of Grantor's interest therein, if any, any structures, improvements and fixtures located on it, and all of Grantor's rights appurtenant to it, including but not limited to water rights, mineral rights, and access rights.

"CFD" shall have the meaning set forth in Section 3.8.

"Close of Escrow" shall have the meaning set forth in Section 4.1.

"DGS" shall mean the California Department of General Services.

"Easement Agreement" shall mean that certain Easement Agreement by and between U.S. Trust Company of California, N.A. and Grantor (as successor in interest to Maguire Thomas Partners – Playa Vista) dated as of August 30, 1990.

"Effective Date" shall have the meaning set forth in the Preamble.

"Environmental Law(s)" shall have the meaning set forth in Section 7.12.

"Escrow" shall have the meaning set forth in Section 2.3.

"Escrow Holder" shall have the meaning set forth in Section 2.3.

"Grant Deeds" shall mean grant deeds conveying the Property from Grantor to Grantee or its designee(s) in substantially the forms attached as Exhibits G-1, G-2 and G-3.

"Grantee" shall mean the State of California acting by and through its Department of Fish and Game, Wildlife Conservation Board.

"Grantee's Closing Conditions" shall have the meaning set forth in Section 5.4.

"Grantee's Closing Documents" shall have the meaning set forth in Section 8(c).

"Grantor" shall mean Playa Capital Company, LLC, a Delaware limited liability company.

"Grantor's Closing Conditions" shall have the meaning set forth in Section 5.2.

“Hazardous Substance(s)” shall have the meaning set forth in Section 7.12.

“Intervening Exceptions” shall have the meaning set forth in Section 3.2(b).

“Irrevocable Waivers” shall mean the agreements releasing and conveying the Purchase Rights and the Roadway Rights in substantially the form attached as Exhibits F-1 and F-2, respectively.

“Option Agreement” shall mean that certain agreement by and between U.S. Trust Company of California, N.A. and Grantor (as successor in interest to Maguire Thomas Partners – Playa Vista Area C and Maguire Thomas Partners – Playa Vista) dated September 28, 1990, as amended by that certain First Amendment to Agreement entered into in February, 1994, and that certain Second Amendment to Agreement, dated as of December 29, 1994.

“Parties” shall collectively mean Grantor and Grantee.

“Permitted Exceptions” shall have the meaning set forth in Section 3.1.

“Pro Forma Title Policies” shall collectively mean (i) that certain pro forma title policy for Area A prepared by Stewart Title Insurance of California, Inc. as agent for Stewart Title Guaranty Company (“Stewart Title Insurance of California, Inc.”), Order No.: 040104934, and attached hereto as Exhibit E-1, (ii) that certain pro forma title policy for Area B Residential prepared by Stewart Title Insurance of California, Inc., Order No.: 040104935, and attached hereto as Exhibit E-2 and (iii) that certain pro forma title policy for the Ballona Wetlands Parcel prepared by Stewart Title Insurance of California, Inc., Order No.: 040115088 and attached hereto as Exhibit E-3. Each of items (i) – (iii) above shall be individually referred to as a or the “Pro Forma Title Policy.”

“Property” shall have the meaning set forth in Recital B.

“Purchase Price” shall have the meaning set forth in Section 2.1.

“Purchase Rights” shall have the meaning set forth in Recital D.

“Recorded Documents” shall have the meaning set forth in Section 4.6.

“Remediable Problem” shall have the meaning set forth in Section 9.

“Roadway Rights” shall have the meaning set forth in Recital D.

“Scheduled Closing Date” shall have the meaning set forth in Section 4.1.

“Surveys” shall collectively mean the survey prepared by Psomas & Associates dated September 23, 1985 and revised as of March 2, 1989 covering Quad II (Area A) and the survey prepared by Psomas & Associates dated September 23, 1985 and revised as of March 2, 1989 covering Quad III (Area B).

“Title Policy” shall have the meaning set forth in Section 3.4.

2. Agreements.

2.1 Purchase Price. For a purchase price of One Hundred Thirty-Nine Million Dollars (\$139,000,000) (the "Purchase Price"), and subject to the terms and conditions of this Agreement, Grantor agrees to sell all of its right, title and interest in and to Area A and Area B Residential to Grantee, and Grantee agrees to purchase the same. In addition, and for no further consideration from Grantee, Grantor agrees, subject to the terms and conditions of this Agreement, to (i) convey all of its right, title and interest in and to the Ballona Wetlands Parcel to Grantee, (ii) waive and quitclaim and cause its affiliate, Playa Area C Capital Company, LLC, a California limited liability company, to waive and quitclaim the Purchase Rights, and (iii) if the conditions set forth in Section 5.5 are satisfied, waive and release the Roadway Rights.

2.2 Payment of Purchase Price. The Purchase Price shall be payable through Escrow in immediately available funds upon the Close of Escrow. Grantee shall pay (i) the Purchase Price plus (ii) any amounts payable by Grantee as costs allocable to the conveyance of the Property.

2.3 Escrow. Within two (2) business days of the approval by DGS of this Agreement, Grantee shall open an escrow ("Escrow") with Stewart Title Guaranty Company, 505 North Brand Boulevard, Suite 800-A, Glendale, California 91203, Attn: Ms. Dody Laney, (818) 547-2030, Ext. 211 ("Escrow Holder") by delivering an executed copy of this Agreement to Escrow Holder. Grantor and Grantee agree that the duties of the Escrow Holder hereunder are purely ministerial in nature and are limited to the receipt and disbursement of funds and the safekeeping and disposition of the Grant Deeds, Certificates of Acceptance and the Irrevocable Waivers in accordance with this Agreement. Escrow Holder shall execute this Agreement solely for the purpose of being bound by the provisions of Sections 2.3 (Escrow) and 4 (Closing) hereof.

2.4 Charitable Gift. Grantor represents that it believes the value of the Property exceeds the Purchase Price, and that Grantor intends to make a charitable gift to Grantee to the extent of any excess of the fair market value of the Property over the Purchase Price as ultimately determined by the relevant taxing authorities. Grantor further represents that it and/or its members may claim tax deductions on its/their tax returns by reason of such charitable gift. Grantee acknowledges the intent to make a charitable contribution to it to the extent that the fair market value of the Property exceeds the Purchase Price. Grantee has not made, nor is making, any representation or warranty as to the tax treatment of the transaction this Agreement contemplates.

2.5 Acceptance of Gift. Upon the Close of Escrow, to the extent that the fair market value of the Property, as ultimately determined by the relevant taxing authority, exceeds the price being paid for it, Grantee accepts the gift of the Property being made by Grantor pursuant to this Agreement.

3. Title and Inspection.

3.1 Deeds. Grantor will, at the Close of Escrow, convey to Grantee or its designee(s), by Grant Deed(s), marketable, fee simple title to the Property, subject to (i) all

matters of record set forth in the Pro Forma Title Policies set forth on Exhibits E-1, E-2 and E-3 that have not been disapproved by Grantee, (ii) any matters disclosed by the Surveys that have not been disapproved by Grantee and (iii) any Intervening Exceptions which have not been disapproved by Grantee or which Grantee has agreed to take subject to in accordance with Section 3.2 (collectively, "Permitted Exceptions").

3.2 Title Review.

(a) Property Title Review. Grantee shall have until the expiration of the Review Period (as defined in Section 3.7) to review the Surveys and the Pro Forma Title Policies. Not later than the expiration of the Review Period, Grantee will advise Grantor of any exceptions in the Pro Forma Title Policies or issues disclosed on the Surveys, which Grantee desires to have removed on or before the Close of Escrow. If Grantee fails to provide Grantor with timely notice of any objections to the Pro Forma Title Policies or the Surveys, it shall be conclusively presumed that Grantee has approved the Pro Forma Title Policies and the Surveys. Within ten (10) days of receipt of Grantee's title objections, Grantor will notify Grantee as to which title or Survey exceptions Grantor will remove prior to Close of Escrow. If Grantor fails to give Grantee said notice it will be conclusively presumed that Grantor is unable or unwilling to remove such exceptions. In the event Grantor is unable or unwilling to remove any such exception(s) to which Grantee has objected, Grantee shall within ten (10) days of its receipt of Grantor's notice or within ten (10) days of the date upon which Grantor pursuant to the provisions of the preceding sentence is presumed to be unwilling or unable to remove such exception(s), elect to either: (i) terminate this Agreement and any applicable escrow fees shall be shared equally by Grantor and Grantee; or (ii) proceed with the purchase of the Property as provided herein subject to such exceptions. The Close of Escrow may be extended as necessary to accommodate the timely exercise of the procedures set forth in this Section 3.2(a), but in no event shall such extension be to later than December 31, 2003, or such later date as the Parties may agree.

(b) Intervening Exceptions. Grantee shall have ten (10) business days from such date as it is notified thereof in writing (and is provided a copy of the underlying exception documents) to review and object to any new exception to title that is monetary in nature or, if non-monetary, that could reasonably have a material adverse effect upon the fair market value of the Property or have a material impact upon Grantee's anticipated use of the Property ("Intervening Exceptions"). Within ten (10) days of receipt of Grantee's title objections, Grantor will notify Grantee as to which Intervening Exceptions, if any, Grantor will remove prior to the Close of Escrow. If Grantor fails to give Grantee said notice it will be conclusively presumed that Grantor is unable or unwilling to remove such Intervening Exceptions. In the event Grantor is unable or unwilling to remove any Intervening Exceptions to which Grantee has objected, Grantee shall elect either to (i) terminate this Agreement, and any applicable escrow fees shall be shared equally by Grantor and Grantee, or (ii) proceed with the acquisition of the Property subject to such exceptions. The Close of Escrow may be extended as necessary to accommodate the timely exercise of the procedures set forth in this Section 3.2(b), but in no event shall such extension be to later than December 31, 2003, or such later date as the Parties may agree.

(c) Monetary Encumbrances. Notwithstanding anything herein to the contrary, Grantor will remove all monetary liens and encumbrances (except any statutory liens

for non-delinquent real property taxes or general or special assessments and any mechanic's liens that have been fully bonded in such a manner that they will not appear as an exception on the Title Policy) affecting any portion of the Property being conveyed upon the Close of Escrow, and if so removed or bonded, then Grantee shall have no right to terminate this Agreement as set forth in Section 3.2(b) above by reason of such liens or encumbrances.

3.3 Possession. Grantor will deliver possession of the Property to Grantee or its permitted designee(s) at the Close of Escrow, free and clear of anyone in possession, other than as set forth on Schedule 7.4.

3.4 Title Insurance. Stewart Title Insurance of California, Inc. will, at the Close of Escrow, provide Grantee with a CLTA owner's title policy or, at Grantee's election, an ALTA extended coverage owner's title policy, in the full amount of the Purchase Price, insuring that title to the Property is vested in Grantee or its designee(s) subject only to the Permitted Exceptions (the "Title Policy"). Grantor will pay the premium for a CLTA policy of title insurance in the amount of the Purchase Price. Grantee will pay any additional premium for an ALTA extended owner's policy for the Property together with the cost of any survey that may be required in order for the title company to issue an ALTA extended policy of title insurance to Grantee for the Property. Grantee will further pay for any supplemental title insurance it may determine to purchase in excess of the Purchase Price and for any endorsements that it may request.

3.5 Grantor's Promise Not to Encumber Property. Except as allowed by this Agreement, set forth on the Pro Forma Title Policies or approved in advance in writing by Grantee, during the term of this Agreement, Grantor promises not to:

(a) make or permit to be made, extend or permit to be extended, any leases, contracts, options or agreements affecting the Property, except (i) any renewal or extension of (x) that certain Lease dated August 2, 1995, by and between Grantor's predecessor in interest and the County of Los Angeles (Beaches and Harbors) affecting Area A, (y) that certain Lease dated as of October 12, 1998, by and between an affiliate of Grantor, Playa Phase 1 Commercial Land Company, LLC, a Delaware limited liability company, and the County of Los Angeles (Sheriff) affecting Area A and (z) that certain Lease dated October 29, 2001, by and between Grantor and the County of Los Angeles (Flood Control) affecting Area A, which such leases shall be subject to Grantee's reasonable and timely review and approval to the extent there is any material change to its terms and conditions, and (ii) any such agreements as may be terminable without penalty (unless Grantor pays such penalty) on thirty (30) days' or less notice;

(b) cause or permit any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon or created with respect to the Property, except such matters as may be imposed by instruments that contain provisions which provide for or allow payment in full or release of the Property from any lien or encumbrance created thereby at or prior to the Close of Escrow and except such mechanic's liens or other involuntary liens as are fully bonded in such a manner that they will not appear as an exception on the Title Policy; or

(c) cause or permit any mortgage, deed of trust or other lien to be foreclosed upon due to any actions or omissions by Grantor, including failure to make a required payment or failure to obtain any required consent.

Notwithstanding the foregoing, it is understood that Grantor has been cooperating with the Friends of Ballona Wetlands (the “Friends”) and the Ballona Wetlands Foundation (the “Foundation”) to implement a sand dunes restoration project and a native plant nursery and educational project, known as the Dunes Restoration Project and the BOLD (Ballona Outdoor Learning & Discovery) Project, respectively, upon a portion of the Ballona Wetlands Parcel. Grantor has been negotiating revocable license agreements with the Friends and the Foundation to permit their work on the Dunes Restoration Project and the BOLD Project to continue, subject to compliance with the terms and conditions of said license agreements, beyond the Close of Escrow. It is understood that Grantor may enter into said license agreements prior to the Close of Escrow. Upon review of said license agreements, Grantee may elect either to cause Grantor to terminate one or both of said license agreements or to take title to the Ballona Wetlands Parcel subject to either or both of said agreements, in which latter event said license agreement or agreements, as applicable, may appear as exceptions to Schedule B to the Title Policy for the Ballona Wetlands Parcel. In addition, it is understood that prior to the Close of Escrow, Grantor shall enter into and record, and that Grantee will take title to the Property subject to, a Grant of Easements granting certain easement rights upon the Property to widen Lincoln Boulevard and modify the intersection of Culver and Jefferson Boulevards and for certain infrastructure improvements related to Grantor’s Playa Vista development. The Grant of Easements is being prepared and will be finalized in a form acceptable to Grantee in its sole but reasonable discretion and will be attached to this Agreement as Exhibit J prior to the date Grantee’s Board considers approval of this Agreement.

3.6 Condemnation. In the event of the taking of all or any material part of the Property by eminent domain proceedings, or the commencement of such proceedings prior to the Close of Escrow, Grantee will have the right, at its option, to terminate this Agreement by written notice to Grantor and any applicable escrow fees shall be shared equally by Grantor and Grantee, provided, however that Grantee will not have such right of termination if such eminent domain proceedings are initiated by any department, board, commission or other agency of the State of California. If Grantee does not elect to terminate this Agreement, then Grantee shall, as applicable, either: (a) proceed to close as provided herein with the Purchase Price being reduced, as applicable, by the total of any awards or other proceeds received or assured to be received by Grantor as a result of such proceedings, or (b) proceed to close as provided herein with an assignment, as applicable, by Grantor of all of Grantor’s right, title and interest in and to all such awards and proceeds (including, if such taking also affects the Purchase Rights, any awards or proceeds affecting the same). Grantor will promptly notify Grantee in writing of any eminent domain proceedings affecting the Property or the Purchase Rights.

3.7 Inspection/Due Diligence. Grantee shall have until the later of (a) the date that is thirty-seven (37) days after the date that this Agreement is presented for formal action by Grantee’s Board or, if such date is not a business day, the next business day, or (b) the date that is two business days following the approval of this Agreement by DGS (as contemplated in Section 5.6) (the “Review Period”) to review and approve the condition of the Property, including, without limitation, the environmental condition of the Property and all agreements

affecting or encumbering the Property. Notwithstanding the approval of this Agreement by DGS, Grantee shall not be bound to purchase the Property unless and until it notifies Grantor in writing that it has approved the condition of the Property, including all agreements affecting the Property, pursuant to this Section 3.7.

3.8 Mello-Roos Lien and Levies. A portion of the Property is subject to City of Los Angeles Community Facilities District No. 5 (Playa Vista-Master Plan) ("CFD") evidenced by a Notice of Special Tax Lien, which is Item 26 under the Schedule of Exceptions of the Pro Forma Title Policy for Area B Residential. Grantor agrees, with Grantee's cooperation, to use its good faith efforts to cause the City of Los Angeles to either dissolve the CFD or remove the portion of the Property included within the CFD from the CFD with the cost of any work to be performed, filings to be made or fees to be paid to cause such a dissolution or adjustment in CFD boundaries to be paid by Grantor. Prior to dissolution of the CFD or the removal of the Property from the CFD, Grantor agrees to pay special taxes levied by the CFD against the Property, if any, prior to the later to occur of (i) the delinquency date of payment of such special taxes or (ii) thirty (30) days after receipt of a copy of the tax bill from the applicable taxing authority showing the levy of such special taxes against the Property. Within ten (10) business days following receipt thereof, Grantee shall sign any written instruments presented for signature by Grantor which are required for amendments to cause the Property not to be subject to special tax levied by the CFD.

If (i) Grantor has not provided to Grantee a written commitment from the City of Los Angeles, or other evidence satisfactory to Grantee, that, as long as the portion of the Property included within the CFD is owned by one or more governmental entities, it will not be subject to levy of special taxes by the CFD, or (ii) the CFD has not been dissolved, or (iii) the CFD has not been reformed to remove all of the Property from the CFD on or before the first to occur of (x) the fifth anniversary of the Close of Escrow, (y) the dissolution of Grantor, or (z) the levy of special taxes by the CFD on any portion of the Property, Grantor shall promptly following the occurrence of such event secure its obligation to pay all special taxes levied by the CFD against the Property. Grantor may satisfy such security arrangement by posting, in its discretion, a certificate of deposit, letter of credit or cash bond or enter into such other security arrangement as may be reasonably satisfactory to Grantee in an amount equal to the total of all projected future CFD levies against such portion of the Property included within the CFD as does not qualify as "exempt Public Property" under Section E of the Amended and Restated Rate and Method Apportionment for the CFD. (The Parties acknowledge that if current conditions remain unchanged, it is expected that only approximately one-half of one acre of the Property included within the CFD would not qualify as "exempt Public Property" immediately following the Close of Escrow.) Such security arrangement shall terminate and all instruments or cash posted by Grantor (less any amounts applied by reason of any default by Grantor with respect to its obligation to pay any special taxes levied by the CFD against the Property) shall be returned to Grantor upon the first to occur of (aa) provision by Grantor of a commitment from the City of Los Angeles or other evidence satisfactory to Grantee that as long as the portion of the Property included within the CFD is owned by one or more governmental entities it will not be subject to levy of special taxes by the CFD, (bb) dissolution of the CFD, or (cc) reformation of the CFD to remove the portion of the Property included within the CFD from the CFD.

This Section 3.8 shall survive the Close of Escrow.

3.9 Clean-Up and Abatement Order. Grantee acknowledges that the Property is subject to Clean-Up and Abatement Order No. 98-125 issued by the Los Angeles Regional Water Quality Control Board dated December 22, 1998. The Parties agree to cooperate with one another both before and after the Close of Escrow to have the Property excepted from the Cleanup and Abatement Order.

4. Closing.

4.1 Closing and Extension Right. Escrow shall close (the "Close of Escrow") on the conveyance of the Property and the waiver and quitclaim of the Purchase Rights on or before the date that is sixty (60) days after the date that this Agreement is presented for formal action by Grantee's Board, of, if such date is not a business day, the next business day (the "Scheduled Closing Date"), unless extended by one or both of the Parties as permitted herein; provided, however, that no such extension shall extend the Close of Escrow beyond December 31, 2003, or such later date as the Parties may agree. If the condition set forth in Section 5.5 has been satisfied, Escrow shall also close on the waiver and release of the Roadway Rights concurrently with the Close of Escrow on the conveyance of the Property. If Escrow does not close on the waiver and release of the Roadway Rights concurrently with the Close of Escrow on the conveyance of the Property, then Escrow shall later close on the waiver and release of the Roadway Rights as set forth in Section 5.5.

4.2 Closing Costs.

(a) Grantor shall pay the following closing costs with respect to the Property: (i) all real property taxes and assessments, which are due and payable as of the Close of Escrow based upon the latest tax bills, (ii) one-half of the escrow fee, (iii) any documentary tax or real property transfer tax which may be payable, (iv) Grantor's portion of the premium for the Title Policy provided for in Section 3.4 and (v) any costs of removing disapproved exceptions to title or disapproved survey items Grantor has elected to remove as provided in Section 3.2.

(b) Grantee shall pay the following closing costs with respect to the Property: (i) one-half of the escrow fee, and (ii) Grantee's portion of the premium for the Title Policy in excess of Grantor's portion of the premium for the Title Policy as provided for in Section 3.4.

Other fees and charges shall be allocated according to custom of Los Angeles County, California.

4.3 Tax Acknowledgements.

(a) Grantor acknowledges that it shall be solely responsible for obtaining any refund of real property taxes caused to be paid by Grantor with respect to the Property for the period after the Close of Escrow. At Grantor's sole cost, Grantee shall reasonably cooperate with Grantor and execute and deliver any documents or instruments reasonably requested by Grantor in order to facilitate obtaining such refund. Grantor acknowledges that it shall also be responsible to pay real property taxes and assessments not due and payable at the Close of Escrow, but which are attributed to any time prior to the Close of Escrow.

(b) Grantee acknowledges that the Property collectively, and each of Area A, Area B Residential and the Ballona Wetlands Parcel individually, is not currently a separate tax parcel. Grantee and Grantor shall cooperate in an effort to cause the Property to be parcelized by the Los Angeles County Assessor promptly after the Close of Escrow. If Grantor receives a tax bill after the Close of Escrow which relates to a period after the Close of Escrow and which includes any portion of the Property which has been conveyed to Grantee, Grantor may elect to pay said bill in full and seek a refund, with Grantee's reasonable cooperation at Grantor's sole cost, of any portion of such payment applicable to the Property. In the event such refund is paid to Grantee, then Grantee will immediately deliver the same to Grantor.

(c) Grantee acknowledges that it is aware that Area B Residential is in City of Los Angeles Community Facilities District No. 5 (Playa Vista Master Plan) and that it has reviewed the notice attached hereto as Exhibit D under Cal. Government Code § 53341.5 regarding the same. Concurrently herewith, Grantee has executed and delivered a copy of such notice to Grantor.

4.4 Grantor's Deliveries. Grantor shall, no less than one (1) business day prior to the Close of Escrow, deliver to Escrow Holder:

(a) duly executed and acknowledged Grant Deeds in substantially the form attached hereto as Exhibits G-1, G-2 and G-3, conveying Area A, Area B Residential and the Ballona Wetlands Parcel, respectively to Grantee or such other agency(ies) of the State of California as Grantee shall designate;

(b) the Irrevocable Waiver waiving and quitclaiming the Purchase Rights and, if the condition set forth in Section 5.5 is satisfied, the Irrevocable Waiver waiving and releasing the Roadway Rights, in substantially the form attached hereto as Exhibit F-1 or Exhibit F-2, respectively, or as otherwise reasonably acceptable to Grantee;

(c) such evidence as the Escrow Holder may reasonably require as to the authority of the person or persons executing documents on behalf of Grantor;

(d) FIRPTA and CALFIRPTA certificates in the form attached hereto as Exhibits H-1 and H-2 duly executed by Grantor;

(e) recording instructions in a form reasonably acceptable to Grantee; and

(f) such additional documents as shall be reasonably required to consummate the transactions contemplated by this Agreement.

4.5 Grantee's Deliveries. Grantee shall, no less than one (1) business day prior to the Close of Escrow, deliver to Escrow Holder:

(a) the Purchase Price, plus the costs allocable to the conveyance of Area A, Area B Residential and the Ballona Wetlands Parcel, as set forth in Section 4.2;

(b) such evidence as the Escrow Holder may reasonably require as to the authority of the person or persons executing documents on behalf of Grantee;

- (c) recording instructions in a form reasonably acceptable to Grantor;
- (d) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement; and
- (e) Grantee's standard form of Certificate of Acceptance to be attached to the Grant Deeds.

4.6 Recordation. When all required deliveries have been deposited with the Escrow Holder by the appropriate parties in accordance with Sections 4.4, 4.5 and as otherwise provided by this Agreement, and when all other conditions to the Close of Escrow have been fulfilled in accordance with Section 5 and as otherwise provided by this Agreement, Escrow Holder shall, pursuant to the separate recording instructions by Grantor and Grantee, record the documents listed below (collectively, the "Recorded Documents").

- (a) the Grant Deed conveying Area A;
- (b) the Grant Deed conveying Area B Residential;
- (c) the Grant Deed conveying the Ballona Wetlands Parcel; and
- (d) the Irrevocable Waiver of the Purchase Rights and, if the condition set forth in Section 5.5 is satisfied, the Irrevocable Waiver of the Roadway Rights.

5. Closing Conditions.

5.1 Grantor's Closing Conditions. The obligation of Grantor to close the contemplated transactions and deliver the documents and instruments required hereunder shall be subject to satisfaction in full of the following conditions on or before the Close of Escrow:

- (a) Grantee shall have, (A) approved and authorized the acquisition of the Property, and (B) identified such funds as are necessary to carry out such transactions as required by Section 5.7.
- (b) There shall be no material inaccuracy in or breach of any of Grantee's representations, warranties and covenants set forth in Section 8.
- (c) Grantee shall have performed the obligations required to be performed by it on or before the Close of Escrow.
- (d) Grantee shall have completed all the deliveries and actions required to be made or done by Grantee under Section 4.5 and elsewhere in this Agreement.
- (e) The Stipulation for Entry of Judgment and Order issued in Case No. C525826 in the Superior Court of the State of California (West District) (the "Judgment") shall have been amended, to Grantor's reasonable satisfaction, to adjust the rights and obligations of the parties to the Judgment regarding the Property to reflect the transactions contemplated under

this Agreement and addressing the reduction in public finance bonding capacity available to Grantor as a result of such transactions.

(f) There shall be no order, writ, injunction or decree issued by any court prohibiting the consummation of the transactions contemplated by this Agreement.

5.2 Nature of Grantor's Closing Conditions. The conditions set forth in Section 5.1 shall collectively be referred to as "Grantor's Closing Conditions." Grantor's Closing Conditions are solely for the benefit of Grantor and may be waived only by Grantor. Any such waiver or waivers shall be in writing and shall be delivered to Grantee. If any of Grantor's Closing Conditions are not satisfied or have not been waived by notice to Grantee prior to the Close of Escrow, Grantor shall give written notice to Grantee describing the condition or conditions that have not been satisfied or waived and, at Grantor's option, exercised by delivering notice to Grantee, Grantor may extend the Close of Escrow for the purpose of attempting to satisfy such condition or conditions, provided that Grantor may not extend the Close of Escrow beyond December 31, 2003, without the consent of Grantee. Nothing contained in this Agreement shall require Grantor to extend the Close of Escrow or to bring any suit or other proceeding or, except as otherwise expressly required by this Agreement, to pay any amount to satisfy any conditions to the Close of Escrow.

5.3 Grantee's Closing Conditions. The obligation of Grantee to make payment of the Purchase Price and other sums required to be paid at the Close of Escrow and to close the transactions contemplated hereby is subject to satisfaction in full of each of the following conditions on or before the Close of Escrow:

(a) Grantee shall have, (A) approved and authorized the acquisition of the Property, (B) approved and authorized the execution and delivery of all agreements and documentation necessary to carry out such transactions and (C) identified such funds as are necessary to carry out such transactions.

(b) There shall be no material inaccuracy in or breach of any of Grantor's representations, warranties and covenants set forth in Section 7 and elsewhere in this Agreement.

(c) Grantor shall have performed the obligations required to be performed by it on or before the Close of Escrow.

(d) Grantor shall have completed all the deliveries required to be made by Grantor on or before the Close of Escrow under Section 4.4 and elsewhere in this Agreement.

(e) Stewart Title Insurance of California, Inc. shall be committed to issue the Title Policy to Grantee in accordance with Section 3.4, which Title Policy shall contain no exception in Part 1 or Part 2 of Schedule B for taxes or assessments or proceedings that give rise thereto (other than reference to the existence of the CFD).

(f) There shall, as of the Close of Escrow, be no order, writ, injunction or decree issued by any court prohibiting the consummation of the transactions contemplated by this Agreement.

(g) Any leases, contracts, options or agreements affecting the Property required by Grantee to be terminated by Grantor shall have been so terminated or, if not terminable without notice and the passage of time, such notice shall have been given, provided that Grantee has upon at least thirty (30) days written notice prior to the Close of Escrow requested that Grantor take such action.

(h) Between the Effective Date and the Close of Escrow, there shall have occurred no material adverse change in the physical or environmental condition of the Property.

(i) Grantor shall have provided to Grantee satisfactory evidence that following the Close of Escrow all but approximately one-half of one acre of the portion of the Property that is included within the boundaries of the CFD shall be exempt Public Property under Section E of the CFD's Amended and Restated Rate and Method of Apportionment and not subject to levy by the CFD.

(j) Grantee shall have received an irrevocable written commitment from the Trust for Public Land or from another third party organization acceptable to Grantee (as applicable, the "steward"), to provide interim stewardship for the Property pending completion by the State of California of long term restoration planning for the Property, at the steward's sole cost, and in cooperation with the Department of Fish and Game, for a period of not less than five (5) years from the Close of Escrow. The form, substance and scope of the commitment must be acceptable to Grantee in its sole but reasonable discretion and shall include, at a minimum, the handling of trash, security, fencing, weed abatement, invasive non-native species control and administration of leases, easements and permits consistent with the level of such activities currently and historically conducted by Grantor, together with such other items that Grantee may specify in such commitment.

5.4 Nature of Grantee's Closing Conditions. The conditions set forth in Section 5.3 shall collectively be referred to as "Grantee's Closing Conditions." Grantee's Closing Conditions are solely for the benefit of Grantee and may be waived only by Grantee. Any such waiver or waivers shall be in writing and shall be delivered to Grantor. If any of Grantee's Closing Conditions are not satisfied or have not been waived by notice to Grantor prior to the Close of Escrow, Grantee shall give written notice to Grantor describing the condition or conditions that have not been satisfied or waived and, at Grantee's option, exercised by delivering notice to Grantor, Grantee may extend the Close of Escrow for the purpose of attempting to satisfy such condition or conditions, provided that Grantee may not extend the Close of Escrow beyond December 31, 2003, without the consent of Grantor. Nothing contained in this Agreement shall require Grantee to extend the Close of Escrow or to bring any suit or other proceeding or, except as otherwise expressly required by this Agreement, to pay any amount to satisfy any conditions to the Close of Escrow.

5.5 Condition to Waiver of Roadway Rights. Grantor's obligation to irrevocably waive and release the Roadway Rights shall be subject to the satisfaction of the condition set forth below:

Grantor has, on or before September 30, 2005, obtained to its satisfaction, in its sole discretion, assurance that the irrevocable waiver and release of the Roadway Rights pursuant to

this Agreement and Grantor's resultant inability to construct or cause the construction of a bridge over the Ballona Channel and roadway to accommodate the connection of Bay Street (now known as Playa Vista Drive) to Culver Boulevard across Ballona Channel will not adversely affect (directly or indirectly) the right or ability of Grantor, its affiliates, successors or assigns to complete the development of its project located south of the Ballona Channel Property, commonly known as "Area D." Such assurance may include, but is not limited to: (i) such modifications to or adoption of ordinances, statutes, rules, regulations, tract maps and/or conditions of approval (collectively "legislative actions") as may be determined by Grantor, in its sole discretion, to be necessary and (ii) if any judicial action challenging such legislative actions has been initiated (including a validation action), the final resolution of such action to the satisfaction of Grantor in its sole but reasonable discretion.

Within ten (10) business days after the later to occur of the satisfaction of the foregoing condition or, if no judicial action challenging such legislation has been initiated, September 30, 2005, Grantor shall deliver an Irrevocable Waiver of the Roadway Rights to Grantee (whether at the Close of Escrow or thereafter). Grantee shall reasonably cooperate with Grantor, but at no out-of-pocket cost to Grantee, in attempting to satisfy the foregoing condition.

5.6 Execution and Delivery of Agreement. The Parties acknowledge and agree that in order for Grantee to approve the execution and delivery of this Agreement on behalf of the State of California, Grantor is required to deliver an executed copy of this Agreement to Grantee for consideration. The Parties further acknowledge and agree that, following consideration and approval by Grantee, this Agreement must be executed by Grantee and thereafter forwarded to DGS for approval, and that until such approval is provided by DGS, this Agreement shall not be binding upon Grantee or Grantor.

5.7 Identification of Funds. Concurrently with Grantee's approval of this Agreement, Grantee shall identify the funds to be used to consummate the Close of Escrow, which funds (A) shall be appropriated to Grantee, or its designee(s) in such a manner that such funds may be used to consummate the transactions contemplated by this Agreement without further action by the California State Legislature, (B) shall not be encumbered for other state purposes, and (C) shall not be subject to re-appropriation by the California State Legislature, provided this Agreement is approved by DGS and the Close of Escrow occurs.

5.8 Termination of Agreement Upon Disapproval. Notwithstanding any other provision set forth herein, Grantor may withdraw the executed copy of this Agreement delivered to Grantee and shall not be bound further by this Agreement by providing written notice of such intent to Grantee at any time after formal action by Grantee's Board disapproving of Grantee's entry into or rejecting this Agreement.

6. Condition of Property.

6.1 Obligation to Maintain Property. During the term of this Agreement and except as otherwise provided in this Agreement, Grantor shall not:

(a) remove or permit the removal of any vegetation, soil or minerals from the Property or disturb or permit the disturbance of the existing contours and/or other natural

features of the Property; provided that this covenant shall not be construed to restrict or prohibit Grantor or others from taking any and all actions necessary (i) to prudently maintain and manage the Property with respect to fire prevention, health or safety purposes or (ii) to implement the license agreements described in Section 3.5 or any of the easements or other agreements described on the Pro Forma Title Policies; or

(b) cause or permit any of Grantors agents, contractors, employees or invitees (to the extent within Grantor's control) to dump or deposit any materials on the Property, including, without limitation, garbage, hazardous substances, construction debris or solid or liquid wastes of any kind.

Grantor agrees to deliver the Property at the Close of Escrow in substantially the same order and condition as on the Effective Date, except for ordinary wear and tear and the impact of weather conditions and other natural forces, and except as otherwise provided in this Agreement.

6.2 Right to Inspect Property. If, in addition to the access to the Property previously provided to Grantee by Grantor, Grantee requires further access to the Property prior to the Close of Escrow to conduct such further tests, surveys and investigations as it deems appropriate, including, without limitation, additional environmental assessments of the soils, waters and any improvements on the Property, then Grantor shall provide Grantee with access in accordance with a separate access agreement to be mutually agreed upon by Grantor and Grantee. Notwithstanding the foregoing right to inspect the Property after the Effective Date, Grantee acknowledges that it shall have no further approval rights with respect to the condition or status of the Property, other than as expressly set forth in this Agreement.

7. Grantor's Representations and Warranties. Grantor hereby makes the following representations and warranties, each of which is as of the Effective Date, and will be as of the Close of Escrow, true in all material respects:

7.1 Grantor has the full power and authority to enter into this Agreement and the persons signing this Agreement for Grantor have the full power and authority to sign for Grantor and to bind it to (i) perform the obligations set forth in this Agreement, (ii) to sell, transfer and convey all its right, title and interest in and to the Property in accordance with this Agreement, (iii) to irrevocably waive and quitclaim and cause its affiliate, Playa Area C Capital Company, to irrevocably waive and quitclaim the Purchase Rights and (iv) irrevocably waive and release the Roadway Rights, provided the condition set forth in Section 5.5 is satisfied.

7.2 To the best of Grantor's knowledge, the conveyance of the Property in accordance with this Agreement will not violate any provision of state or local subdivision laws.

7.3 To the best of Grantor's knowledge, the Property has and shall have at the Close of Escrow therefor, legal and physical access to a public road, insurable with title insurance, except as disclosed on Schedule 7.3.

7.4 There is no tenant or occupant in possession of any part of the Property, except as disclosed on Schedule 7.4.

7.5 There is no suit, action, arbitration, legal, administrative or other proceeding or inquiry pending against the Property, or pending against Grantor which could affect Grantor's title to the Property, affect the value of the Property, or subject an owner of the Property to liability related to the Property, except as disclosed on Schedule 7.5.

7.6 There is no order, writ, injunction or decree issued by any court prohibiting the consummation of the transactions contemplated by this Agreement.

7.7 Grantor is not insolvent and has not filed for protection under the bankruptcy laws of the United States.

7.8 There are no encumbrances or liens against the Property, including, but not limited to, mortgages or deeds of trust, except as set forth in this Agreement or in the Pro Forma Title Policies, or as permitted by Section 3.5, and there is no event of default under any mortgage or deed of trust affecting the Property.

7.9 There is no lease, license, permit, option or right of first refusal, written or oral, which affects the Property, except as disclosed in the Pro Forma Title Policies or as disclosed on Schedule 7.4.

7.10 To the best of Grantor's knowledge, except as set forth in the Pro Forma Title Policies and the Surveys or as disclosed on Schedule 7.10, there are no encroachments by third parties on the Property and no improvements on the Property that encroach upon the property of any third party.

7.11 None of the transactions contemplated by this Agreement will constitute a breach or default under any agreement to which Grantor is bound and/or to which the Property is subject (except existing deeds of trust which will be reconveyed prior to the Close of Escrow and are therefore not identified on the Pro Forma Title Policies), provided Grantor provides notice or obtains consents or releases as described in Schedule 7.11.

7.12 Except as disclosed on Schedule 7.12 and as permitted by Section 3.5(b), there are no and have been no actual or impending public improvements or private rights or actions which will result in the creation of any liens upon the Property, including public assessments or mechanics liens. In addition, there are no uncured notices from any governmental agency notifying Grantor of any violations of law, ordinance, rule or regulation, including Environmental Laws, occurring on the Property.

7.13 To the best of Grantor's knowledge, Grantor is in compliance in all material respects with all laws and regulations in connection with any handling, use, transportation, storage or disposal of Hazardous Substances on the Property, including the maintenance of all required permits and approvals.

The term "Hazardous Substance(s)" means any substance which is (1) defined as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, (2) a petroleum hydrocarbon, including crude oil or any fraction thereof, (3) hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic, or

reproductive toxicant, (4) regulated pursuant to any Environmental Law(s), or (5) any pesticide regulated under state or federal law.

The term "Environmental Law(s)" means each and every federal, state, and local law, statute, ordinance, regulation, rule, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement of each and every federal, state and local governmental agency or other governmental authority, pertaining to the protection of human health and safety or the environment.

The Parties acknowledge and agree that nothing in this Section 7 or elsewhere in this Agreement constitutes or shall be deemed a release of Grantor by Grantee of liability, if any, for the cleanup, investigation or remediation of hazardous materials under applicable Environmental Laws or under common law. Grantee hereby reserves all such rights and claims or causes of action, if any, against Grantor or any other person or entity under applicable Environmental Laws or common law. The provisions of this paragraph shall survive the Close of Escrow.

7.14 Under California Health & Safety Code Section 25359.7, any owner of nonresidential property who knows, or has reasonable cause to believe, that any release of a "hazardous substance," as defined in that code section, is located on or beneath the owner's property must disclose this fact in writing to any prospective purchaser before consummating the transaction. To the best of Grantor's knowledge, no Hazardous Substances are present in, on or under the Property, except as disclosed on the Hazardous Substances Disclosure Notice attached hereto as Exhibit I or documents referred to therein or as otherwise disclosed in this Agreement or the exhibits or schedules attached hereto, or such other materials, studies or information relating to the Property and Grantee's acquisition thereof that Grantee may have prepared or come into possession of.

7.15 Grantor and its affiliate, Playa Area C Capital Company, LLC, hold the Purchase Rights and Grantor holds the Roadway Rights and neither has sold, transferred or assigned such rights to any other party.

As used in this Section 7, "Grantor's knowledge," "to the knowledge of Grantor," "to the best of Grantor's knowledge" or other similar phrases mean the current conscious awareness of facts, without duty to investigate and without the imputation of the knowledge of any other person, of Steve Soboroff (President), Catherine Tyrrell (Environmental Affairs Director), David Nelson (Vice President, Environmental Affairs) and/or Dave Chernik (Environmental Project Manager). The representations and warranties of Grantor set forth in this Section 7, as updated as of the Close of Escrow in accordance with the terms of this Agreement, shall survive the Close of Escrow; provided, however, that Grantor shall have no liability to Grantee for any inaccuracy in or breach of any representation or warranty set forth in Section 7.3, Section 7.4, Section 7.5, Section 7.6, Section 7.7, Section 7.8, Section 7.9, Section 7.10, Section 7.12, Section 7.13 and/or Section 7.14 unless written notice containing a description of the specific nature of such breach shall have been given by Grantee to Grantor within three (3) years after the Close of Escrow and Grantee's only remedy for any inaccuracy or breach of the representation and warranty set forth in Section 7.5 or 7.6 which arises by reason of a proceeding challenging the Parties' entry into this Agreement or challenging the consummation of the transactions contemplated by this Agreement shall be, and only if such proceeding has resulted in an order,

writ, injunction or decree issued by a court prohibiting the consummation of the transactions contemplated by this Agreement, to treat such circumstance as a failure to satisfy the closing condition set forth in Section 5.3(f). No claim with respect to an inaccuracy in or breach of any representation or warranty of Grantor shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter that was within Grantee's knowledge prior to the Close of Escrow. As used in this Section 7, "Grantee's knowledge" means the current conscious awareness of facts, without duty to investigate and without imputation of knowledge of any other person, of Al Wright and Grantee's senior land agent directly responsible for this transaction. Notwithstanding the foregoing, Grantee shall be deemed to have knowledge of all information set forth in that certain City of Los Angeles, Office of Chief Legislative Analyst, Playa Vista Project CLA Report dated February 28, 2001 and set forth in the items described on the list of certain materials entitled "10/25/02 Site Surveys and Reports for Areas West of Lincoln Boulevard" that have been made available to Grantee's representatives for inspection at Grantor's offices. Notwithstanding the provisions of Section 10.2, Grantee will not have any right to bring any action against Grantor as a result of any inaccuracy in or breach of any representation or warranty set forth in Section 7.3, Section 7.4, Section 7.5, Section 7.6, Section 7.7, Section 7.8, Section 7.9, Section 7.10, Section 7.12, Section 7.13 and/or Section 7.14, unless and until the aggregate amount of all liability and losses arising out of any such inaccuracies, or breaches, exceeds \$25,000 (and, in such event, the full amount of Grantee's claim therefore shall be actionable, including the first \$25,000 thereof, up to the aggregate amount of Five Million Dollars (\$5,000,000)).

8. Representations and Warranties of Grantee. Grantee hereby makes the following representations and warranties, each of which is as of the Effective Date, and will be as of the Close of Escrow, true in all material respects:

(a) Grantee acknowledges that it independently or through its respective agents has been given access to the Property and that it has made, or will have made, such inquiries, inspections, tests, studies and analyses of such Property and of any improvements thereon as it deems necessary or desirable in connection with this transaction.

(b) Grantee acknowledges and agrees that Grantor is conveying and Grantee is acquiring and accepting the Property in its current condition except as expressly provided in this Agreement. Except as expressly provided in this Agreement, Grantor disclaims any and all representations and warranties, express or implied, from Grantor or its agents as to any matter concerning the Property, including without limitation fitness for any particular purpose for which Grantee may elect to use the Property. The provisions of this Section 8(b) do not in any way relieve any Party of any obligation under this Agreement or any other document executed and delivered by either Party to the other Party pursuant to this Agreement.

(c) Subject to the approval of DGS, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any breach of the terms of, conditions of, or constitute a default under, any instrument or contractual obligation by which Grantee is bound.

(d) Subject to the approval of DGS, Grantee is duly authorized and qualified to do all things required of it under this Agreement and the documents referenced herein to which it is or shall be a party (the "Grantee's Closing Documents").

(e) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any order, writ, injunction or decree of any court in any litigation to which Grantee is a party.

(f) Subject to the approval of DGS, the persons executing this Agreement and Grantee's Closing Documents on behalf of Grantee are and will be duly authorized to fully and legally bind Grantee.

(g) Subject to the approval of DGS, this Agreement and Grantee's Closing Documents required to be executed by Grantee are and at the Close of Escrow will be duly authorized, executed and delivered by and will be binding upon Grantee.

(h) Except to the extent set forth in Section 5.6 herein and subject to the approval of DGS, Grantee has the capacity and authority to enter into this Agreement and Grantee's Closing Documents and to consummate the transactions described herein without the joinder or consent of any other party.

Grantor's only remedy for any inaccuracy or breach of the representations and warranties set forth in subsections (d) through (h) of this Section 8 shall be to treat such inaccuracy or breach as a failure to satisfy the closing conditions set forth in Section 5.1(b) or (f); provided, however, that if any such inaccuracy or breach should result in an order or decree by any court requiring Grantor to repay the Purchase Price to Grantee or rescinding the transactions contemplated by this Agreement, Grantor shall be entitled to recover the Property, the Purchase Rights and, if applicable, the Roadway Rights, but shall not be entitled to recover any monetary damages.

9. Reliance. All of Grantor's representations, warranties and covenants made in this Agreement are material and are relied upon by Grantee. All representations, warranties and covenants will be considered to have been made or affirmed as of the Close of Escrow and will, except as expressly limited by this Agreement, survive the Close of Escrow. If, before the Close of Escrow, Grantor discovers any information or facts that would materially change the accuracy of any of Grantor's representations or warranties and/or Grantor's performance of its covenants, Grantor will promptly give written notice to Grantee of such facts and information. If as a result of Grantor's actions or omissions any representation ceases to be true during the term of this Agreement or Grantor has breached any warranty or covenant and such problem can feasibly be remedied such that the affected Property remains suitable for recreation purposes and the preservation, protection and restoration of wildlife habitat, and the value of the affected Property, would not be materially impaired ("Remediable Problem"), Grantor will, upon receipt of notice from Grantee, promptly remedy the problem at Grantor's sole cost and expense, subject to the cost limitation set forth below. Grantor shall be obligated to remedy any such Remediable Problem(s) at up to an aggregate cost of One Million Dollars (\$1,000,000). If any such Remediable Problem has not been remedied before the Close of Escrow, Grantee shall make one of the following elections:

(a) Proceed to acquire the Property and Grantor shall complete such remedy to the reasonable satisfaction of Grantee after the Close of Escrow, subject to the cost limitation set forth above (taking into account any costs theretofore incurred by Grantor in connection with its effort to remedy such Remediable Problems); provided that Grantee grants to Grantor all necessary entry rights to effect such remedy and Grantor shall secure its post closing obligation to remedy any Remediable Problem with an irrevocable letter of credit or other security reasonably satisfactory to Grantee, or

(b) If the Parties reasonably anticipate that the cost of such remedy will exceed the cost limitation above and Grantor waives such cost limitations, proceed to acquire the Property and Grantor shall complete such remedy to the reasonable satisfaction of Grantee after the Close of Escrow, notwithstanding the cost limitation; provided that Grantee grants to Grantor all necessary entry rights to effect such remedy and Grantor shall secure its post closing obligation to remedy any such problem with an irrevocable letter of credit or other security reasonably satisfactory to Grantee, or

(c) If the Parties reasonably anticipate that the cost of such remedy will exceed the cost limitation above and Grantor does not waive such cost limitations, terminate this Agreement upon delivery of written notice to Grantor, provided that Grantor will pay the applicable escrow fees.

10. Remedies Upon Default.

10.1 Grantee Default. If Grantee defaults in the performance of any of Grantee's obligations under this Agreement, Grantor will have the right to pursue all remedies at law or in equity, including the right to terminate this Agreement as provided in Section 10.3, and to recover, subject to the limitations set forth below, its damages as provided by law or to seek specific performance against Grantee. Notwithstanding the foregoing, Grantor waives any right to receive consequential or punitive damages against Grantee or any member, officer, employee, agent, representative or controlled or controlling affiliate of Grantee by reason of any default of Grantee hereunder, provided, however, that in the event of such a default the foregoing waiver shall not preclude Grantor from the recovery of any compensatory damages, such as its third-party out-of-pocket costs (exclusive of attorneys' fees) directly related to the transactions contemplated by this Agreement.

10.2 Grantor Default. If Grantor defaults in the performance of any of Grantor's obligations under this Agreement, Grantee will have the right to pursue all remedies at law or in equity, including the right to terminate this Agreement as provided in Section 10.3, and to recover, subject to the limitations set forth below, its damages as provided by law or to seek specific performance against Grantor. Notwithstanding the foregoing, Grantee waives any right to receive consequential or punitive damages against Grantor or any member, officer, employee, agent, representative or controlled or controlling affiliate of Grantor by reason of any default of Grantor hereunder, provided, however, that in the event of such a default the foregoing waiver shall not preclude Grantee from the recovery of any compensatory damages, such as its third-party out-of-pocket costs (exclusive of attorneys' fees) directly related to the transactions contemplated by this Agreement.

10.3 Termination for Default; Right to Cure. If either Grantor or Grantee defaults in the performance of any obligations under this Agreement, in addition to any and all other remedies provided in this Agreement, the non-defaulting Party shall have the right to terminate this Agreement if the defaulting Party fails to cure such default within thirty (30) days of notice from the other Party. Notwithstanding the above, if a default cannot be cured within thirty (30) days despite a diligent attempt to do so, the defaulting Party with the approval of the non-defaulting Party, which approval shall not be unreasonably withheld, shall have up to an additional sixty (60) days to cure such default; provided, however, that in no event shall the Close of Escrow occur later than December 31, 2003, or such later date as the parties may agree.

11. Miscellaneous Terms.

11.1 Notices. All notices required or permitted under this Agreement will be in writing and delivered to the Parties by facsimile transmission, personally by hand, courier service or overnight mail, and/or by certified mail, return receipt requested, at the addresses set forth below. All notices will be considered given: (a) if sent by certified mail, three (3) business days after deposit in the U.S. mail; (b) if delivered by hand, courier service or overnight mail, when delivered; or (c) if transmitted by facsimile, when transmitted with a confirmation of receipt by the sending Party provided a copy follows by certified mail. The Parties may, by notice as provided above, designate a different address to which notice will be given.

The addresses and telephone numbers of the Parties for notice purposes are:

Grantor:

Playa Capital Company, LLC
12555 West Jefferson Boulevard
Suite 300
Los Angeles, CA 90066
Attn: Steve Soboroff
Phone: (310) 822-0074
Fax: (310) 827-1073

with a copy to:

Playa Capital Company, LLC
12555 West Jefferson Boulevard
Suite 300
Los Angeles, CA 90066
Attn: Patricia T. Sinclair, Esq.
Phone: (310) 822-0074
Fax: (310) 821-9429

Grantee:

State of California
Department of Fish and Game
Wildlife Conservation Board
1807 13th Street
Suite 103
Sacramento, CA 95814
Attn: Executive Director
Phone: (916) 445-8448
Fax: (916) 323-0280

with a copy to:

State of California
Department of Fish and Game
1416 9th Street
12th Floor
Sacramento, CA 95814
Attn: General Counsel
Phone: (916) 654-3821
Fax: (916) 654-3805

11.2 Legal Costs. Notwithstanding the provisions of Section 10.1 and Section 10.2, if any legal action is brought by any Party to enforce any provision of this Agreement or is based upon any matter arising out of or related in any way to this Agreement, the prevailing Party will be entitled to recover from the Party or Parties on account of whose actions the claim is asserted

reasonable attorneys' fees, court costs and all expenses of litigation, whether or not authorized by statute as costs, in such amounts as will be allowed by the court.

11.3 No Brokers. Grantor and Grantee have not used a real estate broker in connection with this Agreement or the transactions contemplated by this Agreement.

11.4 Time of the Essence; Dates. Time is of the essence of this Agreement. If any date specified in this Agreement falls on Saturday, Sunday or a public holiday, that date will be considered to be the succeeding day on which public agencies and major banks are open for business.

11.5 Binding on Successors. This Agreement will be binding not only on the Parties but also on their respective successors and assigns.

11.6 Non-Foreign Certificate. When signing this Agreement, Grantor will also sign a Non-Foreign Certificate in the forms attached as Exhibits H-1 and H-2 to this Agreement. Grantor acknowledges that if Grantor is unable to certify that it is not a "foreign person," Grantee may be required to withhold a portion of the Purchase Price at the Close of Escrow for U.S. income tax purposes.

11.7 Resident Requirement. The Parties acknowledge that as of January 1, 1994, California Revenue and Taxation Code Sections 18662 and 18668 place special requirements for tax reporting and withholding on buyers of California real property when (a) the selling price is greater than One Hundred Thousand Dollars (\$100,000.00); (b) the seller has not received a California Homeowners Property Tax Exemption during the year of the sale; and (c) the funds to the transaction are to be disbursed to either (i) a seller with a last known address outside of California or (ii) a financial intermediary of the seller. Grantor agrees to sign, at or before the Close of Escrow, any and all documents necessary to document compliance with the tax reporting and withholding requirements of California law as referred to above.

11.8 Interpretation. This Agreement will be interpreted without regard to any presumption or other rule of interpretation based on who drafted this Agreement.

11.9 Amendment. No amendment of this Agreement or other understandings between the Parties hereto will be binding unless in writing and signed by the Parties affected by such amendment.

11.10 Waiver. No waiver of any term of this Agreement will be considered a waiver of any other term, whether or not similar, nor will any waiver be considered a continuing waiver. No waiver will be binding unless in writing and signed by the party making the waiver.

11.11 Escrow Instructions. The Parties shall execute and deliver to Escrow Holder such additional escrow instructions as Escrow Holder may reasonably request. In the event of any inconsistency between such escrow instructions and this Agreement, the provisions of this Agreement shall prevail.

11.12 Severability. Each term of this Agreement is severable from any and all other terms of this Agreement. Should any term of this Agreement be for any reason unenforceable, the balance will still be of full force and effect.

11.13 No Merger. The obligations contained in this Agreement, except for those specifically discharged in escrow (such as conveyance of title to the applicable parcel(s) and delivery of money and documents in the escrow), will not merge with transfer of title but will remain in effect until fulfilled.

11.14 Governing Law. This Agreement will be governed by and interpreted in accordance with the laws of the State of California.

11.15 Exhibits. All Exhibits and Schedules attached to this Agreement are incorporated into this Agreement by this reference.

11.16 Counterparts. This Agreement may be signed in counterparts, each of which will be considered an original and which together will constitute one and the same agreement.

11.17 Natural Hazard Disclosure Requirement Compliance. The Parties acknowledge that Grantor is required to disclose if the Property lies within the following natural hazard areas or zones: (1) a special flood hazard area (any type Zone "A" or "V") designated by the Federal Emergency Management Agency (Cal. Gov. Code § 8589.3); (2) an area of potential flooding shown on a dam failure inundation map designated pursuant to Cal. Gov. Code § 8589.5 (Cal. Gov. Code § 8589.4); (3) a very high fire hazard severity zone designated pursuant to Cal. Gov. Code § 51178 or 51179 (in which event the owner maintenance obligations of Cal. Gov. Code § 51182 would apply) (Cal. Gov. Code § 51183.5); (4) a wildland area that may contain substantial forest fire risks and hazards designated pursuant to Cal. Pub. Resources Code § 4125 (in which event [i] the property owner would be subject to the maintenance requirements of Cal. Pub. Resources Code § 4291 and [ii] it would not be the state's responsibility to provide fire protection services to any building or structure located within the wildland area except, if applicable, pursuant to Cal. Pub. Resources Code § 4129 or pursuant to a cooperative agreement with a local agency for those purposes pursuant to Cal. Pub. Resources Code § 4142) (Pub. Resources Code § 4136); (5) an earthquake fault zone (Pub. Resources Code § 2621.9); or (6) a seismic hazard zone (and, if applicable, whether a landslide zone or liquefaction zone) (Pub. Resources Code § 2694). Grantee acknowledges that Grantor has (at its sole expense) employed the services of Environmental Data Resources, Inc. to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling Grantor to fulfill its disclosure obligations with respect to the natural hazards referred to in California Civil Code Section 1103(c) and to report the result of its examination to Grantee and Grantor in writing. As contemplated in California Civil Code Section 1103.2(b), if an earthquake fault zone, seismic hazard zone, very high fire hazard severity zone or wildland fire area map or accompanying information is not of sufficient accuracy or scale for Environmental Data Resources, Inc. to determine if the Property is within the respective natural hazard zone, then for purposes of the disclosure the Property shall be considered to lie within such natural hazard zone. GRANTEE ACKNOWLEDGES THAT THESE HAZARDS MAY LIMIT STATE'S ABILITY TO DEVELOP THE PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE

DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST, THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER.

11.18 Playa Vista Name and Spirit Logo. Grantee acknowledges that Grantor asserts trademark, trade name and other proprietary rights in the "Playa Vista" name and the Playa Vista "spirit" logo. Grantee acknowledges that Grantor has not by virtue of its entry into this Agreement or otherwise granted to Grantee or its permitted successors and assigns any right to use the name "Playa Vista" and the Playa Vista "spirit" logo.

11.19 Further Assurances. Each Party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Close of Escrow, as may be reasonably requested by the other Party to consummate the transactions contemplated by this Agreement. The provisions of this Section 11.19 shall survive the Close of Escrow.

11.20 Outside Dates. Notwithstanding any other section of this Agreement to the contrary, this Agreement shall terminate if the Close of Escrow has not occurred by December 31, 2003, unless such termination is waived by mutual agreement of the Parties. Upon such termination of this Agreement, Grantor and Grantee shall share applicable escrow fees equally (except as otherwise provided by this Agreement) and Grantee shall return all property information provided to it pursuant to this Agreement and any property information theretofore provided to Grantee or its representatives in connection with its negotiation and entry into this Agreement. No such termination shall affect the validity of prior closings or give any party a right of rescission with respect thereto.

11.21 Third Party Beneficiaries. The Parties do not intend by any provision of this Agreement to confer any right, remedy or benefit (express or implied) upon any third party and no such third party shall be entitled to enforce or otherwise shall acquire any right, remedy or benefit by reason of any provision of this Agreement.

IN WITNESS of the foregoing provisions the Parties have signed this Agreement below:

GRANTOR:

STATE:

PLAYA CAPITAL COMPANY LLC,
a Delaware limited liability company

STATE OF CALIFORNIA
Department of Fish and Game
Wildlife Conservation Board

By: _____
Name: Steve Soboroff
Title: President

By: _____
Name: Al Wright
Title: Executive Director

By: _____
Name: _____
Title: _____

ESCROW HOLDER:

APPROVED BY:

STEWART TITLE GUARANTY COMPANY,
a California corporation

STATE OF CALIFORNIA
Department of General Services

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT LIST

Exhibit A-1	Legal Description of Area A
Exhibit A-2	Legal Description of Area B Residential
Exhibit A-3	Legal Description of Ballona Wetlands Parcel
Exhibit B	Depiction of the Property and Area C
Exhibit C	[Reserved]
Exhibit D	Community Facilities District No. 5 Notice of Special Tax
Exhibit E-1	Pro Forma Title Policy for Area A
Exhibit E-2	Pro Forma Title Policy for Area B Residential
Exhibit E-3	Pro Forma Title Policy for Ballona Wetlands Parcel
Exhibit F-1	Form of Irrevocable Waiver of Purchase Rights
Exhibit F-2	Form of Irrevocable Waiver of Roadway Rights
Exhibit G-1	Form of Grant Deed for Area A
Exhibit G-2	Form of Grant Deed for Area B Residential
Exhibit G-3	Form of Grant Deed for Ballona Wetlands Parcel
Exhibit H-1	Non-Foreign Certificate (Federal)
Exhibit H-2	Non-Foreign Certificate (California)
Exhibit I	California Health and Safety Code Section 25359.7 Hazardous Substance Disclosure Notice
Exhibit J	Grant of Easements

SCHEDULES

Schedule 7.3	Parcels Without Public Access
Schedule 7.4	Parties in Possession of the Property
Schedule 7.5	Litigation Affecting the Property
Schedule 7.10	Encroachments by and on Third Party Property
Schedule 7.11	Necessary Notices and Consents
Schedule 7.12	Pending Public Improvements / Uncured Notices of Violation

EXHIBIT A-1
LEGAL DESCRIPTION OF AREA A

EXHIBIT A-2

LEGAL DESCRIPTION OF AREA B RESIDENTIAL

EXHIBIT A-3

LEGAL DESCRIPTION OF BALLONA WETLANDS PARCEL

Prior to the Close of Escrow the attached legal description will be modified to exclude from the Ballona Wetlands Parcel that approximately 15-acre fenced off parcel of real property located at the base of the Playa del Rey Bluffs on which Southern California Gas Company maintains and operates holding tanks and other equipment utilized by it in connection with the operation of its Del Rey Hills natural gas storage field.

EXHIBIT B
DEPICTION OF THE PROPERTY AND AREA C

EXHIBIT C
[RESERVED]

EXHIBIT D

COMMUNITY FACILITIES DISTRICT NO. 5 NOTICE OF SPECIAL TAX

NOTICE OF SPECIAL TAX COMMUNITY FACILITIES DISTRICT NO. 5 (PLAYA VISTA – MASTER PLAN)

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

See Exhibit 1 attached.

THIS IS A NOTIFICATION TO YOU IN CONNECTION WITH YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

(1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the parcel. It is imposed on this property because it is a new development, and may not be imposed generally upon property outside of this new development. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The Seller is entering into the contract to sell this property to you based upon assurances given that this property will be owned by or dedicated to the federal government, the State of California, the City of Los Angeles, or another public agency, or a nonprofit entity or organization and classified as Community Serving by the Department of City Planning for purposes of entitlements (excluding property for which a building permit has been issued for purposes of constructing a residential dwelling unit(s)) and that such property will not be leased by a public agency to a private entity subject to taxation under Section 53340.1 of the Mello-Roos Community Facilities Act of 1982. Based upon the assumption that this property will be restricted to such ownership and use as contemplated by the preceding sentence, the maximum special tax which may be levied against this parcel to pay for public facilities and services is \$166,470.63 per acre during the 2002-2003 tax year. This amount will increase by two percent (2%) per year after that. The special tax will be levied each year until all special tax bonds are repaid. If this property is owned or used in a manner contrary to the assumption set forth above, then the maximum special tax which may be levied against this property to pay for public facilities and services will be based upon the actual ownership and/or use to which this property is put and the timing upon which building permits are issued for new construction with respect to this property. Exhibit 2 attached to this Notice of Special Tax is the Amended and Restated Rate and Method of Apportionment for the City of Los Angeles Communities Facilities District No. 5 (Playa Vista – Master Plan) (the “RMA”). The maximum special tax which may be levied against this property is set forth in Paragraph C of the RMA and, if this property is not owned

and used as assumed above, then the RMA will need to be reviewed to determine the maximum special tax which will be applicable, depending upon the ownership and use actually made of this property.

(3) The authorized facilities which are being paid for by the special taxes, and by the money received from the sale of bonds which are being repaid by the special taxes, are:

(a) Street and traffic improvements for both improvements and revisions to existing streets and new streets, both within and outside of Community Facilities District No. 5 (the "District"), including but not limited to pavement, curbs and gutters, base material, sidewalk with base, bike paths, landscaping, street lights, traffic signals, fire hydrants and associated pipe systems, striping, signs and demolition, trees and tree grates, irrigation systems, utility relocations, parking and right-of-way acquisition; (b) bridges; (c) Ballona Creek improvements, including but not limited to sidewalks, bike paths, walls, planters, trees, landscaping, lighting, ramps, benches and other improvements; (d) transportation system improvements, including but not limited to public terminal buildings, off-site vehicles and vehicle systems, on-site vehicles and vehicle systems and electric utility vehicles and vehicle systems and system monitoring; (e) fire station, library, police station, school, child care, senior center, community center and other community-serving facilities, including site acquisition; (f) freshwater marsh improvements, including but not limited to grading, piping, structures, flapgates, culverts, sluice gates, spillways, native habitat creation, landscaping and post-construction clean-out and site acquisition; (g) riparian corridor improvements, including but not limited to grading, slope stabilization, native habitat creation, concrete channel, post-construction clean-out, landscaping, sidewalks, trees, fencing and park areas adjacent to the riparian corridor and site acquisition; (h) parks and landscaping, including but not limited to little league fields, soccer fields, irrigation, equipment, trees, park finishes, landscaping and site acquisition; (i) utility, storm drain, groundwater well and similar relocations and undergrounding, including without limitation the provision of temporary utilities; (j) water system improvements and interconnections, both within and outside of the District; (k) storm drain system improvements, including without limitation, water quality and temporary and permanent detention facilities, piping, spillways and outlets, improvements within and outside of the District, bluff and other drain connections and catch basin filters; (l) sanitary sewer improvements within and outside of the District, including without limitation pump station, back-up station, back-up and upgrading work; (m) reclaimed water distribution system, including without limitation pump station work; (n) electrical distribution and transmission system; and (o) Ballona Wetlands restoration, including without limitation, permitting, design and pre-development work, grading, piping, structures, flapgates, culverts, sluice gates, spillways, native habitat creation, landscaping, post-creation clean-out, and site acquisition.

The facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay the costs of the following services:
None.

YOU MAY OBTAIN A COPY OF THE ORDINANCE OF FORMATION WHICH AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE OFFICE OF THE CITY CLERK, CITY OF LOS ANGELES BY CALLING (213) 485-5705. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE IN CONNECTION WITH A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE:

THE STATE OF CALIFORNIA ACTING BY
AND THROUGH THE WILDLIFE
CONSERVATION BOARD

By: _____
Its: _____

Exhibit 1 to Notice of Special Tax

Legal Description of Property Subject to Special Tax

See attached.

Exhibit 2 to Notice of Special Tax
Amended and Restated Rate and Method of Apportionment
for City of Los Angeles CFD No. 5

See attached.

EXHIBIT E-1

PRO FORMA TITLE POLICY FOR AREA A

[To be attached.]

EXHIBIT E-2

PRO FORMA TITLE POLICY FOR AREA B RESIDENTIAL

[To be attached.]

EXHIBIT E-3

PRO FORMA TITLE POLICY FOR BALLONA WETLANDS PARCEL

[To be attached.]

EXHIBIT F-1

**FORM OF IRREVOCABLE WAIVER
OF PURCHASE RIGHTS**

When recorded mail to:

PLAYA CAPITAL COMPANY, LLC
12555 West Jefferson Boulevard
Suite 300
Los Angeles, CA 90066
Attn: Patricia T. Sinclair, Esq.

IRREVOCABLE WAIVER AND QUITCLAIM DEED

This IRREVOCABLE WAIVER AND QUITCLAIM DEED (this “Deed”) is made as of the ____ day of _____, 200_ by PLAYA AREA C CAPITAL COMPANY, LLC, a Delaware limited liability company and (“Playa Area C”) PLAYA CAPITAL COMPANY, LLC, a Delaware limited liability company (“Grantor”) for the benefit of U.S. Trust Company of California, N.A. as trustee under Declaration of Trust dated August 29, 1983, as amended (“Trustee”).

RECITALS

A. Grantor and Playa Area C (as successors in interest to Maguire Thomas Partners – Playa Vista Area C and Maguire Thomas Partners – Playa Vista) and Trustee are parties to that certain Agreement dated September 28, 1990, as amended by that certain First Amendment to Agreement entered in to in February, 1994, and that certain Second Amendment to Agreement (the “Second Amendment”), dated as of December 29, 1994 (as so amended, the “Area C Option Agreement”).

B. The Area C Option Agreement, among other things, grants to Grantor and Playa Area C certain purchase rights in the real property described on Exhibit A attached hereto (“Area C”).

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, it is hereby declared, understood and agreed as follows:

1. Grantor and Playa Area C represent and warrant that they hold the right of first refusal and first purchase set forth in Paragraph 18 of the Second Amendment, that they have not

transferred or conveyed such rights or any interest therein to any other person or entity, and that they have the power and authority to enter into this Irrevocable Waiver and Quitclaim Deed.

2. Grantor and Playa Area C hereby irrevocably waive their right of first refusal and first purchase set forth in Paragraph 18 of the Second Amendment, such that Paragraph 18 of the Second Amendment shall have no further force or effect.

3. Grantor and Playa Area C hereby quitclaim to Trustee all Grantor's and Playa Area C's right, title and interest in Area C, except Grantor's rights under that certain Easement Agreement by and between Grantor and Trustee, dated as of August 30, 1990, recorded on August 31, 1990 as Instrument No. 90-1515156 in the Official Records of Los Angeles County, California, which rights shall survive the execution, delivery and recordation of this Deed without diminution.

Grantor:

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____
Dated: _____

By: _____
Name: _____
Its: _____
Dated: _____

PLAYA AREA C CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____
Dated: _____

State of _____)
) ss.
County of _____)

On this _____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

State of _____)
) ss.
County of _____)

On this _____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

**EXHIBIT A
TO
IRREVOCABLE WAIVER AND QUITCLAIM DEED
Legal Description of Area C**

See attached.

EXHIBIT F-2

**FORM OF IRREVOCABLE WAIVER
OF ROADWAY RIGHTS**

When recorded mail to:

PLAYA CAPITAL COMPANY, LLC
12555 West Jefferson Boulevard
Suite 300
Los Angeles, CA 90066
Attn: Patricia T. Sinclair, Esq.

IRREVOCABLE WAIVER AND RELEASE

This IRREVOCABLE WAIVER AND RELEASE (this "Agreement") is made as of the _____ day of _____, 200_ by PLAYA CAPITAL COMPANY, LLC, a Delaware limited liability company ("Grantor") pursuant to a Purchase and Sale Agreement and Escrow Instructions dated as of _____, 2003 between Grantor and the State of California acting by and through its Department of Fish and Game, Wildlife Conservation Board.

RECITALS

A. Grantor (as successor in interest as Primary Benefited Owner to Maguire Thomas Partners – Playa Vista) and U.S. Trust Company of California, N.A. are parties to that certain Easement Agreement dated as of August 30, 1990 (the "Area C Easement Agreement") recorded on August 31, 1990 as Instrument No. 90-1515156 in the Official Records of Los Angeles County, California.

B. Section II of the Area C Easement Agreement, among other things, grants to Grantor certain easements and other rights in the real property described on Exhibit A attached hereto ("Area C") to enter upon Area C for the purpose of planning, constructing, using, repairing and maintaining a bridge over the Ballona Channel and roadway to accommodate the connection of Bay Street (now known as Playa Vista Drive) from its present terminus in Tract 49104-03, per the Map filed in Book 1240, pages 26-32, inclusive, to Culver Boulevard across the Ballona Channel (the "Playa Vista Drive Bridge and Extension Rights").

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, it is hereby declared, understood and agreed as follows:

1. Grantor represents and warrants that it holds the Playa Vista Drive Bridge and Extension Rights, that it has not transferred or conveyed such rights or any interest therein to any other person or entity, and that it has the power and authority to enter into this Irrevocable Waiver and Release.

2. Grantor hereby irrevocably waives its Playa Vista Drive Bridge and Extension Rights under the Area C Easement Agreement.

3. Grantor hereby specifically reserves and keeps to itself in full force and effect all other rights granted to it under the Area C Easement Agreement, which agreement except as provided above shall survive the execution, delivery and recordation of this Agreement.

Grantor:

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____
Dated: _____

By: _____
Name: _____
Its: _____
Dated: _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

**EXHIBIT A
TO
IRREVOCABLE WAIVER AND RELEASE
Legal Description of Area C**

See attached.

EXHIBIT G-1

FORM OF GRANT DEED FOR AREA A

RECORDING REQUESTED BY:

WHEN RECORDED, PLEASE MAIL TO:

WILDLIFE CONSERVATION BOARD

1807 13th Street

Suite 103

Sacramento, CA 95814

Attn: Executive Director

(Space Above This Line For Recorder's Use Only)

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

This document is recorded at the request of and for the benefit of the State of California, and therefore is exempt from the payment of a recording fee pursuant to California Government Code § 27383 and from payment of documentary transfer tax pursuant to California Revenue and Taxation Code § 11922.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PLAYA CAPITAL COMPANY, LLC, a Delaware limited liability company ("Grantor") hereby GRANTS TO THE STATE OF CALIFORNIA acting through its Department of Fish and Game, Wildlife Conservation Board ("Grantee"), that certain real property in the County of Los Angeles, State of California, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"):

SUBJECT TO all covenants, conditions, restrictions, reservations, rights, rights-of-way, easements, dedications, offers of dedication and other matters of record and matters that would be revealed by an ALTA survey of the Property.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the date indicated.

DATED: _____, 200__

“GRANTOR”

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____

Its: _____

By: _____

Its: _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

EXHIBIT A

TO

GRANT DEED

Legal Description of Area A

See attached.

EXHIBIT G-2

FORM OF GRANT DEED FOR AREA B RESIDENTIAL

RECORDING REQUESTED BY:

WHEN RECORDED, PLEASE MAIL TO:

WILDLIFE CONSERVATION BOARD

1807 13th Street

Suite 103

Sacramento, CA 95814

Attn: Executive Director

(Space Above This Line For Recorder's Use Only)

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

This document is recorded at the request of and for the benefit of the State of California, and therefore is exempt from the payment of a recording fee pursuant to California Government Code § 27383 and from payment of documentary transfer tax pursuant to California Revenue and Taxation Code § 11922.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PLAYA CAPITAL COMPANY, LLC, a Delaware limited liability company ("**Grantor**") hereby GRANTS TO THE STATE OF CALIFORNIA acting through its Department of Fish and Game, Wildlife Conservation Board ("**Grantee**"), that certain real property in the County of Los Angeles, State of California, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "**Property**"):

SUBJECT TO all covenants, conditions, restrictions, reservations, rights, rights-of-way, easements, dedications, offers of dedication and other matters of record and matters that would be

revealed by an ALTA survey of the Property.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the date indicated.

DATED: _____, 200__

“GRANTOR”

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Its: _____

By: _____
Its: _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

EXHIBIT A
TO
GRANT DEED

Legal Description of Area B Residential

See attached.

EXHIBIT G-3

FORM OF GRANT DEED FOR BALLONA WETLANDS PARCEL

RECORDING REQUESTED BY:

WHEN RECORDED, PLEASE MAIL TO:

WILDLIFE CONSERVATION BOARD
1807 13th Street
Suite 103
Sacramento, CA 95814
Attn: Executive Director

(Space Above This Line For Recorder's Use Only)

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

This document is recorded at the request of and for the benefit of the State of California, and therefore is exempt from the payment of a recording fee pursuant to California Government Code § 27383 and from payment of documentary transfer tax pursuant to California Revenue and Taxation Code § 11922.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PLAYA CAPITAL COMPANY, LLC, a Delaware limited liability company ("Grantor") hereby GRANTS TO THE STATE OF CALIFORNIA acting through its Department of Fish and Game, Wildlife Conservation Board ("Grantee"), that certain real property in the County of Los Angeles, State of California, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"):

SUBJECT TO all covenants, conditions, restrictions, reservations, rights, rights-of-way, easements, dedications, offers of dedication and other matters of record and matters that would be revealed by an ALTA survey of the Property.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the date indicated.

DATED: _____, 200__

“GRANTOR”

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Its: _____

By: _____
Its: _____

State of _____)
) ss.
County of _____)

On this ____ day of _____, 200__, before me, _____,
a notary public, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

Notary Public

My commission expires _____

EXHIBIT A
TO
GRANT DEED

Legal Description of Area Ballona Wetlands Parcel

See attached.

EXHIBIT H-1

**NON-FOREIGN CERTIFICATE
(FEDERAL)**

Section 1445 of the Internal Revenue Code provides that a buyer of a U.S. real property interest must withhold tax if the seller is a foreign person. To inform the buyer that withholding of tax is not required upon the disposition of a U.S. real property interest by **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company, the undersigned hereby certifies the following on behalf of **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company.

1. **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company, is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company's, U.S. employer identification number is _____; and

3. **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company's, office address is:

12555 West Jefferson Boulevard, Suite 300
Los Angeles, CA 90066

I understand that this certification may be disclosed to the Internal Revenue Service by the buyer and that any false statement I have made here could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of **PLAYA CAPITAL COMPANY, LLC**, a Delaware limited liability company.

PLAYA CAPITAL COMPANY, LLC,
a Delaware limited liability company

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT H-2

NON-FOREIGN CERTIFICATE (CALIFORNIA)

YEAR
2003

Real Estate Withholding Exemption Certificate and Waiver Request for Non-Individual Sellers

CALIFORNIA FORM
593-W

Part I Withholding Exemption Certificate

Seller's Information

Name Playa Capital Company, LLC, a Delaware limited liability company	CA corp. no. Security No.	FEIN	SOS file no.	Social
Address 12555 West Jefferson Boulevard, Suite 300	Private Mailbox No.	Note: If you do not furnish your tax ID number this certificate is void.		
City, State, ZIP Code Los Angeles, CA 90066	Daytime number (310) 822-0074	Ownership percentage 100%		
Property address (if no street address, provide parcel number and county) See Attached Schedule 1				

Read the following and check the appropriate box. **See line-by-line instructions, Part I – Withholding Exemption Certificate.**

- | | |
|---|--------------------------|
| | Y
E
S |
| | N
O |
| 1. Is the total sales price of this property, before applying your percentage of ownership, \$100,000 or less? | <input type="checkbox"/> |
| 2. Is the seller a corporation that is either qualified through the California Secretary of State or has a permanent place of business in California? | <input type="checkbox"/> |
| 3. Is the seller a partnership with recorded title to the property in the name of the partnership?
(If yes, the partnership must still file a California tax return to report the sale and withhold on foreign and domestic nonresident partners as required. Get FTB Pub. 1017, Nonresident Withholding Partnership Guidelines, for withholding information.) | <input type="checkbox"/> |
| 4. Is the seller (recorded title holder) a limited liability company (LLC) that is classified as a partnership and is not a disregarded single member LLC for federal and California income tax purposes?
(If yes, the LLC must still file a California tax return to report the sale and withhold on foreign and domestic nonresident members as required. Get FTB Pub. 1017, Nonresident Withholding Partnership Guidelines, for withholding information.) | <input type="checkbox"/> |
| 5. Is the seller a tax-exempt entity under either California or federal law? | <input type="checkbox"/> |
| 6. Is the seller an irrevocable trust with at least one trustee who is a California resident? (If yes, the trust must still file a California tax return to report the sale and withhold when distributing California source taxable income to nonresident beneficiaries as required. Get FTB Pub. 1023, Nonresident Withholding Independent Contractor, Rent & Royalty Guidelines, for withholding information.) | <input type="checkbox"/> |
| 7. Is the seller an estate where the decedent was a California resident at the time of death? (If yes, the estate must still file a California fiduciary tax return to report the sale and withhold when distributing California source taxable income to nonresident beneficiaries as required. Get FTB Pub. 1023, Nonresident Withholding Independent Contractor, Rent & Royalty Guidelines, for withholding information.) | <input type="checkbox"/> |
| 8. Is the seller a bank or a bank acting as a fiduciary for a trust? | <input type="checkbox"/> |
| 9. Is the seller an insurance company, Individual Retirement Account (IRA), or qualified pension/profit sharing plan? | <input type="checkbox"/> |

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's name and title (type or print) **Playa Capital Company, LLC a Delaware limited liability company**

Seller's signature _____ Date: _____

If you answered "YES" to **any** of the above questions, STOP HERE. You are exempt from the real estate withholding requirements. Provide this form to your escrow company or the buyer (withholding agent).

If you answered "NO" to **all** of the above questions, you are subject to the real estate withholding requirements. The required withholding is 3 1/3 percent of the **total** sales price. Do you expect your tax liability from the sale of this property to be substantially less than that amount? If so, would you like to request a reduced amount of withholding?

ف Yes. Complete the Withholding Waiver Request (Part II) and send it to the Franchise Tax Board.

ف No. STOP HERE. Your escrow officer will withhold 3 1/3 percent of the total sales price and send it to us on your behalf. Obtain the seller's copy of Form 597, Real Estate Withholding Tax Statement, from the escrow officer to attach to your California income tax return when you file and claim the amount withheld.

Withholding Agent: If you have a requirement to withhold, complete Form 597, Real Estate Withholding Tax Statement, and send one copy to us with the withholding payment and give two copies to the seller. Refer to the Form 597 Instructions.

For Privacy Act Notice, get form FTB 1131.

593W03101

Form 593-W C2 (NEW 12-2002) Side 1

YEAR
2003

CALIFORNIA FORM
593-W

Part II Withholding Waiver Request (please print or type)

Seller's Information

Name of seller (if more than one, see Part II – Withholding Waiver Instructions for multiple sellers)		Seller's Entity Type <input type="checkbox"/> Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Estate <input type="checkbox"/> Trust	<input type="checkbox"/> California corporation no. <input type="checkbox"/>
Mailing address Mailbox no. _____			EIN _____
City, state and ZIP Code (province, country, and postal zone)			Seller's social security number (SSN) _____
Daytime number () _____	Ownership percentage _____		Seller's email address _____

Provide a brief explanation of your reason for requesting a waiver or reduced withholding. See instructions for examples of situations for which a waiver or reduced withholding is allowed and for the required information and documentation.

Property Information

Property address (if no street address, provide parcel number and county)	
Seller acquired property by (check one): <input type="checkbox"/> Purchase <input type="checkbox"/> Inheritance <input type="checkbox"/> Foreclosure/Repossession <input type="checkbox"/> Gift <input type="checkbox"/> 1031 Exchange call (888) 792-4900 U.S. toll-free or (916) 845-4900 <input type="checkbox"/> Other _____	
Date seller acquired property _____	
Seller's adjusted basis: Purchase price \$ _____ Add: improvements _____ Less: depreciation _____ Adjusted Basis \$ _____	
Use of property at time of sale: <input type="checkbox"/> Rental / Commercial <input type="checkbox"/> Vacant land <input type="checkbox"/> Secondary / Vacation home (attach explanation) <input type="checkbox"/> Other	Provide all required documentation listed in the instructions.
Length of time used for this purpose: Years _____ Months _____	

Escrow Information

Name and address of escrow company	Escrow company email address	
	Name of escrow officers	Escrow number
	Escrow company or officer telephone number ()	FAX number ()
Total sales price of property before applying your ownership interest	Estimated close of escrow date	

Buyer's Information

Name of buyer (see Part II – Withholding Waiver Request Instructions if more than one)	Seller's social security number (SSN)
Address (number and street, PO box or rural route) Mailbox no. _____	<div style="display: flex; justify-content: space-between;"> Private <input type="checkbox"/> California corporation no. <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between;"> EIN _____ </div>
City, state and ZIP Code (province, country, and postal zone)	Buyer's spouse's SSN (if applicable) _____

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent and the Franchise Tax Board. I understand that completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's name and title (type or print) _____

Seller's signature _____ Date: _____

Side 2 Form 593-W c2 (NEW 12/02002)

593W03203

For Privacy Act Notice, get form FTB 1131.

General Information

Form 597-W, Withholding Exemption Certificate and Nonresident Waiver Request for Real Estate Sales, replaces Form 590-RE Withholding Exemption Certificate for Real Estate Sales and Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales.

Requirement to File a California Tax Return. A completed Form 597-W relieves the buyer of the requirement to withhold but does not eliminate the requirement that the seller must file a California tax return and pay the tax due.

Private Mailbox (PMB) Number. If you lease a mailbox from a private business rather than from the United States Postal Service, enter your PMB number in the field labeled “PMB no.”

Preparer Tax Identification Number (PTIN). Tax preparers now have the option of using a unique identification number (PTIN) instead of a social security number when signing tax returns.

A. Purpose

When California real estate is sold by a nonresident, buyers are required by law (R&TC Section 18662) to withhold 39% of the **total** sales price unless a withholding exemption is met or the Franchise Tax Board (FTB) authorizes a waiver or reduction in the withholding amount.

- Use Part I of Form 597-W to certify that you meet a withholding exemption for the sale of California real estate; or
- Use Part II of Form 597-W to request a waiver or reduction of the required withholding for the sale of California real estate.

B. What is Real Estate Withholding?

Real estate withholding:

- Is a prepayment of the amount of income tax due from the gain on the sale of California real estate;
- Is not an additional tax on the sale of real estate;
- Is primarily intended to ensure that the income tax owed on the taxable gain from the sale will be paid;
- Reduces the likelihood that the seller will be subject to penalties for underpayment of estimated tax; and
- Is similar to wage withholding. As with wage withholding, the amount withheld is claimed as a credit against the income tax liability computed at the end of the taxable year.

If the amount withheld is more than the income tax liability, the difference will be refunded when a tax return is filed after the end of the taxable year.

C. Exemptions from Withholding (Part I)

The seller is exempt from the withholding requirements if they have answered “Yes” to any of the questions in Part I. The completed Form 597-W should be signed by the seller and given to the buyer or other withholding agent. The buyer, or other withholding agent, should retain the form for five years following the close of the transaction. The buyer, or other withholding agent, will be relieved of the real estate withholding requirements if the buyer relies in good faith on a completed and signed Form 597-W. A completed Form 597-W certifying an exemption of withholding does not eliminate the requirement that the seller must file a California income tax return and pay the tax due.

The seller should answer “Yes” in Part I when:

1. The total sales price of the California real property is \$100,000 or less.
2. **The seller is a California resident on the date escrow closes.** A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose. Sellers who are uncertain of their residency status can get assistance by calling the FTB at (800) 852-5711 or by getting FTB Pub 1031, Guidelines

for Determining Resident Status, for more information.

3. **The property qualifies as the seller’s principal residence under IRC Section 121.** The home in which you live is your principal residence. You can only have one principal residence at a time. If you have two homes and live in both of them, the principal residence is the one you lived in most of the time. Even though you do not currently live in the property, it may still qualify as your principal residence for purposes of the withholding exemption. An example is a former California resident who moved out of state prior to the close of escrow. The property can qualify for the withholding exemption if the seller still considers it to be the principal residence, or if it qualifies for the exclusion of income under IRC Section 121. An individual can exclude up to \$250,000 (up to \$500,000 for a married couple) of the gain on the sale of a principal residence. Sellers can qualify for this exclusion if, during the 5-year period ending on the date of the sale they owned and lived in the property as their principal residence for at least 2 years. For examples and more details, get federal Publication 523, Selling Your Home, by accessing the Internal Revenue Service’s (IRS) website at: www.irs.gov or by calling the IRS at (800) 829-3676.
4. **The seller is a corporation that is registered in California or has a permanent place of business in California immediately after the transfer.** A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California Secretary of State’s Office. A corporation that has not qualified to transact intrastate business, such as a corporation engaged exclusively in interstate commerce, will be considered as having a permanent place of business in California only if it maintains a permanent office in California and the office is permanently staffed by its employees.

5. **The seller is a partnership or LLC and the recorded title to the property is in the name of the partnership or LLC.** A partnership includes a syndicate, group pool, joint venture, or other unincorporated organization through which the business operation is carried on and which is not a corporation, trust, or estate. A partnership or LLC may be required to withhold on distributions of California source income to nonresident partners or members. For more information, get FTB Pub 1017, Nonresident Withholding — Partnership Guidelines.
6. **The seller is exempt from tax under either California or federal law.**
7. **The seller is a California irrevocable trust.** For withholding purposes, an irrevocable trust is considered a California trust if at least one trustee is a California resident. Irrevocable trusts are required to withhold on distributions of California source income to their nonresident beneficiaries. **Note:** If the seller is a revocable/grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors of a revocable/grantor trust are residents of California, no withholding is required.
8. **The seller is a California estate.** For withholding purposes, an estate is considered a California estate if the decedent was a California resident at the time of death. Estates are required to withhold on distributions of California source income to their nonresident beneficiaries.
9. **The seller is a bank or a bank acting as the fiduciary for a trust.**
10. **The seller is an insurance company or a federally qualified pension or profit-sharing plan.**

D. Nonresident Withholding Waiver Request (Part II)

This section should be completed if you do not meet any of the exemptions to withholding as shown in Part I **and** you believe that your estimated tax liability from the sale will be less than the required withholding. Waiver requests are handled on a case-by-case basis. Generally, the FTB will reduce or eliminate the withholding amount when:

- The 39% withholding amount exceeds the estimated California tax liability from the sale; for example:

Selling Price.....	\$250,000
Withholding Rate.....	x 3.33%
Withholding Amount.....	\$ 8,325
Gain on Sale.....	\$50,000
Maximum Tax Rate	9.3%*
Estimated Tax Liability.....	\$ 4,650

* The maximum tax rates are 9.3% for individuals and 8.84% for corporations.

In this example, the withholding amount would be reduced to \$4,650. If the documentation provided shows that the estimated tax liability will be \$0 from the sale, a full waiver will be granted.

- The transaction involves an IRC Section 1031 exchange, a foreclosure, or an installment sale; or
- The transaction involves multiple sellers, some of whom are nonresidents of California.

Note: The withholding amount is 39% of the total sales price regardless of the percentage of interest owned in the property. To receive a prompt determination, include all required information and documentation to support your request. Failure to include the required information, signatures and documents can result in either a delay or denial of your request. Below is a list of the minimum documentation required for the FTB to make a determination. Do not send original documentations.

This is a general guide. Additional information may be requested on a case-by-case basis.

• Loss or Small Gain

- ☐ The current sales escrow document (estimated closing statement, sales contract, or closing statement).
- ☐ Purchase escrow document (closing statement) from the original transaction.
- ☐ List of any improvements and related costs.

• Inherited Property

- ☐ The current sales escrow document (estimated closing statement, sales contract, or closing statement).
- ☐ The court documents showing the fair market value of the property at the time of inheritance, or the death certificate if the death occurred less than one year ago.

If the property was inherited more than two years ago, also:

- ☐ State whether the property was a rental. If yes, state how long it was rental property.
- ☐ List any improvements since the date of inheritance and related costs.

• IRC Section 1031 Exchange

- ☐ Completed and signed California Form 597-E, Nonresident Withholding Exchange Affidavit.
- ☐ The current sales escrow document (estimated closing statement, sales contract, or closing statement).

- ☐ On Form 597-E indicate the basis of the property being sold.
- ☐ On Form 597-E indicate the state where the replacement property is located.

• **Installment Sales**

- ☐ Completed and signed California Form 597-I, Nonresident Withholding Installment Sale Agreement.
- ☐ The current sales escrow document (estimated closing statement, sales contract, or closing statement).
- ☐ Purchase escrow document (closing statement) from the original transaction.
- ☐ The note agreement.
- ☐ List of any improvements and related costs.

• **Reacquired Property (Foreclosure or Repossession)**

- ☐ The current sales escrow document (estimated closing statement, sales contract, or closing statement).
- ☐ The original sales escrow document from the first time you sold the property prior to foreclosure.
- ☐ The original purchase escrow document (closing statement) from when you originally purchased the property.
- ☐ Statement of the amount of cash (down payment) received on the original sale prior to foreclosure.
- ☐ Statement of the amount of notes received or carried prior to foreclosure. Provide a copy of the note carried.
- ☐ Statement of the balance due remaining on the note.
- ☐ List of the foreclosure costs (the costs to get the property back).
- ☐ List of any improvements and related costs.
- ☐ The calculation of the gain from the original sale.
- ☐ A copy of federal Form 6252, Installment Sale Income, or California form FTB 3805E, Installment Sale Income, filed with you tax return in the year of the original sale.
- ☐ Deed in-lieu of foreclosure or trustee's deed upon sale.

E. When to File This Form

When requesting a waiver or reduction in withholding, the Form 597-W should be completed and sent to the FTB as soon as you enter into a contract of sale.

The FTB will determine if the withholding should be eliminated, reduced or if the request should be denied. The FTB usually processes applications within 45 days after receipt of all necessary information. If a response from the FTB has not been received by the time title is transferred, the parties to the transaction may direct the escrow person to hold funds for withholding in trust up to 45 days from the date title is transferred.

If Form 597-W is not filed timely with the FTB and title passes to the buyer/transferee before the application can be processed, withholding of 39% of the total sales price is required. There is no provision to authorize an early refund after title has passed to the buyer/transferee and the withholding has been remitted to the FTB.

Any withholding waiver issued by the FTB applies only for the limited purpose of determining the withholding obligation under R&TC Section 18662. The withholding waiver would not apply for other issues that may arise in connection with the transfer. The FTB may accept evidence submitted with a waiver request for the purpose of issuing the withholding waiver; however, this evidence may not be adequate for other issues related to the transfer.

If you receive a determination letter from the FTB reducing the amount of withholding, you must enter the confirmation number from the FTB determination letter on Form 597, Nonresident Withholding Tax Statement for Real Estate Sales, when payment is sent to the FTB. Payment **must** be sent with Form 597.

F. Where to File This Form

If you meet one of the exemptions to withholding in Part I, the form should not be sent to the FTB. The Form 597-W should be given to the buyer or escrow company. Be sure to sign the form to certify that you meet the exemption.

If you are requesting a waiver or reduction in the withholding (and do not meet one of the exemptions in Part I), the completed Form 597-W should be filed with the FTB to request an authorized determination. Fax Form 597-W to (916) 845-4831 or mail to:

NONRESIDENT WITHHOLDING SECTION
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

If you send your request by fax, **do not** send the original request by mail.

Please wait 10 working days after faxing your request and 13 working days after mailing before contacting us.

G. Additional Information

To order California Tax forms not related to nonresident withholding or for more information you may contact us:

By Internet: If you have access you may download, view, and print California tax forms and publications. Go to our website at:

www.ftb.ca.gov

By automated phone service: Use this service to order 1997, 1998, and 1999 California tax forms and 1999 federal forms. Have paper and pencil ready to take notes.

From within the

United States (800) 338-0505
(toll-free)

From outside the

United States (916) 845-6500
(not toll-free)

By mail – Please allow two weeks to receive your order. If you live outside of California, please allow three weeks to receive your order. Write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA, CA 95741-0307

In person – Most libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks, and quick print businesses cannot provide tax information or assistance.

Assistance for persons with disabilities

The FTB complies with provisions of the Americans with Disabilities Act. Persons with hearing or speech impairments, call:

From voice phone..... (800) 735-2922
(California Relay Service)

From TTY/TDD (800) 822-6268
(Direct line to FTB customer service)

For all other assistance or special accommodations, call (800) 852-5711.

EXHIBIT I

CALIFORNIA HEALTH AND SAFETY CODE SECTION 25359.7 HAZARDOUS SUBSTANCE DISCLOSURE NOTICE

To: The State of California acting by and through the California Wildlife Conservation Board (“WCB”)

This notice is delivered in compliance with California Health and Safety Code Section 25359.7 in connection with the acquisition by WCB of certain real property (the “Property”) described in that certain Purchase and Sale Agreement and Escrow Instructions (the “Purchase Agreement”), dated as of September __, 2003, by and between Playa Capital Company, LLC (“PCC”) and WCB.

BTEX, hydrogen sulfide, methane and other soil gases have been detected in various locations within the Property. Such detections of BTEX and hydrogen sulfide have not exceeded actionable levels. If the Property were to be developed, however, any buildings or other enclosed structures would be required to be designed and constructed in compliance with the methane mitigation requirements imposed by the City of Los Angeles or the County of Los Angeles, as applicable.

A portion of the Property is the site of a former producing oil field and the current site of an underground natural gas (methane) storage facility, including related wells, pipelines, roads and equipment, operated by the Southern California Gas Company. As a result of such former and current uses, it is possible that various hazardous substances may be present at the Property such as certain hydrocarbons, including without limitation, benzene, toluene, ethylbenzene, xylene and hexane, as well as residual deposits of drilling muds and other compounds and chemicals that may have been used or produced, or are currently being used or produced, in connection with historical oil field, or current storage field, operations.

In addition, a portion of the Property located near the northwest corner of Lincoln and Culver Boulevards in Area A was, for a period of time prior to 1953, used for the disposition of celery leaves and trimmings associated with a packing house operation. It is believed that in connection with such operation benzene hexachloride (lindane) and, perhaps, other compounds were applied to the celery waste product for insect and odor control. Although investigations of the former celery waste disposal have failed to detect any contamination from such past activities, it is possible that previously undetected contamination may remain present at the site.

The Property and adjacent property owned by Grantor are subject to Clean-Up and Abatement Order No. 98-125, dated December 22, 1998, issued by the Los Angeles Regional Water Quality Control Board. Pursuant to that Order, hazardous substances that have been detected or thought possibly to exist in soil and ground and surface waters in, on and under various portions of the Property and adjacent property owned by Grantor have been the subject of investigations and remediation activities. In some areas outside of the Property, additional investigation and further remediation is required. No such activities are currently known to be required or are being undertaken on the Property. WCB and/or its representatives have been provided copies of, or access to copies of, various reports and other documents containing information regarding the presence of such substances at the Property, including the documents listed in that certain “List of Documents to be Provided to WCB” previously delivered to WCB’s representative and the documents described on that certain list of reports and other documents entitled “10/25/02 Site Surveys and Reports for Areas West of Lincoln Boulevard” that have been made available to WCB’s representatives for inspection at PCC’s offices.

EXHIBIT J
FORM OF GRANT OF EASEMENTS
[To Be Attached]

SCHEDULE 7.3

PARCELS WITHOUT PUBLIC ACCESS

Area A only has access to Lincoln Boulevard. There is no access to Area A from Fiji Way because the County of Los Angeles owns a narrow strip of land between Fiji Way and Area A.

SCHEDULE 7.4

PARTIES IN POSSESSION OF THE PROPERTY

- 1) Leases, easements and operations as disclosed in (a) the pro forma title policies by Stewart Title Insurance of California, Inc. (Order No. 040104934 for Area A, Order No. 040104935 for Area B Residential and Order No. 040115088 for the Ballona Wetlands Parcel), or (b) as reflected on the Surveys (as defined in the Agreement) and (c) the Oil and Gas Exhibit Map prepared by Psomas and Associates dated September 1, 1995.
- 2) Lease dated as of October 12, 1998, by and between Playa Phase I Commercial Land Company, LLC, a Delaware limited liability company and the County of Los Angeles (Sheriff), a body politic and corporate.
- 3) Lease dated as of August 2, 1995, by and between Maguire Thomas Partners-Playa Vista, a California limited partnership and the County of Los Angeles (Beaches and Harbors), a body politic and corporate.
- 4) Lease dated as of October 29, 2001, by and between Playa Capital Company, LLC, a Delaware limited liability company and the County of Los Angeles (Flood Control), a body corporate and politic.
- 5) Any encroachments or other use of the Property that would be revealed by an ALTA survey of the Property.

SCHEDULE 7.5

LITIGATION AFFECTING THE PROPERTY

- 1) Friends of Ballona Wetlands, a nonprofit corporation et al. v. The California Coastal Commission, County of Los Angeles, et al.; Superior Court of the State of California, County of Los Angeles; Case No. C 525 826.
- 2) Environmentalism Through Inspiration and Nonviolent Action v. Southern California Gas Company, et al., Los Angeles Superior Court Case No. BC244706.

SCHEDULE 7.10

ENCROACHMENTS BY OR ON THIRD PARTY PROPERTY

Any encroachments by third parties or improvements that encroach upon third party property that would be revealed by an ALTA survey of the Property.

SCHEDULE 7.11

NECESSARY NOTICES AND CONSENTS

There may be a need to implement conforming modifications to the Stipulation for Entry of Judgment and Order in Friends of Ballona Wetlands, a non-profit corporation, et al., v. The California Coastal Commission, County of Los Angeles, et al., Superior Court of the State of California, County of Los Angeles; Case No. C 525 826.

SCHEDULE 7.12
PENDING PUBLIC IMPROVEMENTS

- 1) Improvement Work to the Ballona Channel levee in Playa Vista Area D.
- 2) City of Los Angeles and County of Los Angeles weed abatement requirements.
- 3) Construction and improvement work to install and maintain tidegates in the Ballona Wetlands Parcel in accordance with that certain Permanent Ecosystem Restoration Easement Agreement by and between Grantor and the City of Los Angeles, dated as of August 15, 2002.
- 4) Reconstruction of the Culver Boulevard/Jefferson Boulevard Intersection.
- 5) Improvement work by Caltrans to widen Lincoln Boulevard in Area A. Area B Residential and the Ballona Wetlands Parcel.
- 6) Construction and improvement work in accordance with the Sand Dunes Restoration Project license.
- 7) Construction and improvement work in accordance with the BOLD project license.
- 8) Construction and improvement work in accordance with that certain Easement Agreement by and between Grantor and Laguna Del Rey, LLC, dated as of October 24, 2002.
- 9) Revegetation of portions of Area A pursuant to California Coastal Commission Revised Emergency Permit No. 5-03-263G.